

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
(The figures have not been audited)

	Individual Quarter		+ / (-)	Cumulative Quarter		+ / (-)
	Current Quarter 31.12.2018 RM'000	Previous Quarter 31.12.2017 RM'000		Current Year To Date 31.12.2018 RM'000	Previous Year To Date 31.12.2017 RM'000	
Revenue	25,376	22,822	0.11	87,465	83,876	0.04
Cost of sales	(9,114)	(6,755)		(27,866)	(22,198)	
<b>Gross profit</b>	<b>16,262</b>	<b>16,067</b>	<b>0.01</b>	<b>59,599</b>	<b>61,678</b>	<b>(0.03)</b>
Profit income	130	104		454	568	
Other income	13	560		777	2,083	
Staff costs	(5,910)	(6,348)		(26,375)	(26,949)	
Depreciation and amortisation	(1,468)	(1,725)		(6,665)	(7,368)	
Other operating expenses	(4,623)	(3,060)		(13,508)	(15,907)	
<b>Profit from operations</b>	<b>4,404</b>	<b>5,598</b>	<b>(0.21)</b>	<b>14,282</b>	<b>14,105</b>	<b>0.01</b>
Finance costs	(653)	(529)		(1,467)	(1,282)	
<b>Profit before tax</b>	<b>3,751</b>	<b>5,069</b>	<b>(0.26)</b>	<b>12,815</b>	<b>12,823</b>	<b>(0.00)</b>
Income tax expense	(2,080)	(1,817)		(5,655)	(5,315)	
<b>Profit net of tax</b>	<b>1,671</b>	<b>3,252</b>	<b>(0.49)</b>	<b>7,160</b>	<b>7,508</b>	<b>(0.05)</b>
<b>Other comprehensive income:</b>						
Foreign currency translation	1,348	(1,003)		(482)	(2,135)	
Actuarial (loss)/gain on retirement benefit	(138)	66		(138)	66	
<b>Other comprehensive income attributable to:</b>	<b>1,210</b>	<b>(937)</b>		<b>(620)</b>	<b>(2,069)</b>	
<b>Total comprehensive income for the period</b>	<b>2,881</b>	<b>2,315</b>	<b>0.24</b>	<b>6,540</b>	<b>5,439</b>	<b>0.20</b>
<b>Net Profit attributable to:</b>						
Owners of the parent	799	1,850	(0.57)	448	1,006	(0.55)
Minority interest	872	1,402	(0.38)	6,712	6,502	0.03
	<b>1,671</b>	<b>3,252</b>	<b>(0.49)</b>	<b>7,160</b>	<b>7,508</b>	<b>(0.05)</b>

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**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
(The figures have not been audited)  
(CONT'D.)

**Total comprehensive income**  
**attributable to :**

Owners of the parent	2,218	1,425	0.56	37	358	(0.90)
Minority interest	663	890	(0.26)	6,503	5,081	0.28
	<u>2,881</u>	<u>2,315</u>	0.24	<u>6,540</u>	<u>5,439</u>	0.20

**Earning per share attributable to equity holders of the parent**

<b>Basic earning per share (sen) *</b>	<u>0.12</u>	<u>0.28</u>	<u>0.12</u>	<u>0.28</u>
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The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017 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 DECEMBER 2018**  
(The figures have not been audited)

	<b>Unaudited 31.12.2018 RM'000</b>	<b>Audited 31.12.2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	38,865	39,033
Investment properties	37,219	37,909
Prepaid lease payment	829	933
Intangible assets	861	861
Deferred tax assets	175	54
	<u>77,949</u>	<u>78,790</u>
<b>Current assets</b>		
Inventories	185	433
Trade and other receivables	39,946	33,336
Amount due from Customer on contract	5,335	2,189
Investment in unit trusts	7,462	7,407
Tax Recoverable	3,164	2,759
Cash and cash equivalents	23,127	29,829
	<u>79,219</u>	<u>75,953</u>
<b>TOTAL ASSETS</b>	<u>157,168</u>	<u>154,743</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to the equity holders of the parent</b>		
Share capital	65,970	65,970
Treasury Shares	(255)	(202)
Other reserves	(741)	(330)
Retained earnings	15,322	19,142
	<u>80,296</u>	<u>84,580</u>
Non Controlling Interest	28,380	26,805
<b>Total equity</b>	<u>108,676</u>	<u>111,385</u>
<b>Non-current liabilities</b>		
Retirement benefits obligation	2,566	1,915
Deferred tax liabilities	2,884	2,980
Interest bearing loans and borrowings	678	-
	<u>6,128</u>	<u>4,895</u>
<b>Current liabilities</b>		
Trade and other payables	14,735	15,956
Amount due to customer on contract	-	-
Interest bearing loans and borrowings	25,353	21,754
Tax payable	2,276	753
	<u>42,364</u>	<u>38,463</u>
<b>Total Liabilities</b>	<u>48,492</u>	<u>43,358</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>157,168</u>	<u>154,743</u>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	<u>0.12</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 2017 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 FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**(The figures have not been audited)**

	← Attributable to owners of the company →							
	← Non Distributable →				Distributable		Non controlling Interest	Total Equity
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000		
<b>At 1 January 2017</b>	65,800	170	(190)	318	22,142	88,240	26,270	114,510
Total comprehensive income for the period	-	-	-	(647)	1,006	359	5,080	5,439
<b>Transactions with owners</b>								
Transfer of share premium in accordance with Section 618 (2) of the Companies Act 2016 to no-par value regime on 31 January 2017	170	(170)	-	-	-	-	-	-
Purchase of treasury shares	-	-	(12)	-	-	(12)	-	(12)
Dividends paid to non-controlling interest	-	-	-	-	-	-	(4,546)	(4,546)
Dividend paid	-	-	-	-	(4,006)	(4,006)	-	(4,006)
<b>At 31 December 2017</b>	<b>65,970</b>	<b>-</b>	<b>(202)</b>	<b>(329)</b>	<b>19,142</b>	<b>84,581</b>	<b>26,804</b>	<b>111,385</b>
<b>At 1 January 2018</b>	65,970	-	(202)	(329)	19,142	84,581	26,804	111,385
Total comprehensive income for the period	-	-	-	(412)	448	36	6,502	6,538
Purchase of treasury shares	-	-	(53)	-	-	(53)	-	(53)
Dividends paid to Non controlling interest	-	-	-	-	-	-	(4,926)	(4,926)
Dividends paid	-	-	-	-	(4,268)	(4,268)	-	(4,268)
<b>At 31 December 2018</b>	<b>65,970</b>	<b>-</b>	<b>(255)</b>	<b>(741)</b>	<b>15,322</b>	<b>80,296</b>	<b>28,380</b>	<b>108,676</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 2017.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**(The figures have not been audited)**

	<b>Financial Year Ended 31.12.2018 RM'000</b>	<b>Financial Year Ended 31.12.2017 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation	12,815	12,824
<b>Adjustments for :</b>		
Depreciation	5,915	6,556
Amortisation of Investment Properties	690	690
Amortisation of prepaid lease rental	60	122
Gain on disposal of property, plant and equipment	(25)	(1,277)
Loss on write off of property, plant and equipment	-	354
Impairment of property, plant and equipment	8	-
Loss of disposal in investment	2	-
Provision for retirement benefits	628	316
Impairment of trade receivables	315	207
Reversal of impairment of receivable	(37)	(282)
Fair value gain of other current financial assets	(261)	(169)
Net unrealised foreign exchanges loss	228	911
Finance cost	1,467	1,283
Profit income from deposits	(453)	(357)
Dividend from unit trust	(1)	(211)
Impairment of inventories	228	-
<b>Operating profit before working capital changes</b>	<u>21,579</u>	<u>20,967</u>
Working capital changes :		
Increase in receivable	(12,939)	(4,125)
Decrease in payables	(1,233)	(4,284)
<b>Cash generated from operations</b>	<u>7,407</u>	<u>12,558</u>
Finance cost paid	(1,467)	(1,283)
Tax paid	(6,156)	(7,423)
<b>Net cash generated from operating activities</b>	<u>(216)</u>	<u>3,852</u>
<b>Cash flows from investing activities</b>		
Proceed from disposal of property, plant and equipment	31	5,107
(Placement)/Withdrawal of unit trust	(55)	7,592
Purchase of property, plant & equipment	(6,334)	(6,247)
Settlement to non-controlling interest	-	(4,469)
Profit received from deposits	453	357
Dividend in unit trust	1	211
Movement in restricted deposits	2,210	504
<b>Net cash used in investing activities</b>	<u>(3,694)</u>	<u>3,055</u>
<b>Cash flows from financing activities</b>		
Drawdown/Repayment of borrowings	9,462	1,142
Purchase of treasury shares	(53)	(12)
Dividend paid	(4,268)	(4,006)
Dividend paid to NCI	(4,926)	(4,546)
Islamic Hire purchase drawdown	501	-
Islamic hire purchase repayment	(25)	-
Finance lease obligation	593	-
<b>Net cash used in financing activities</b>	<u>1,284</u>	<u>(7,422)</u>
<b>Net decrease in cash and cash equivalents</b>	(2,626)	(515)
<b>Cash and cash equivalents at 1 January 2018/2017</b>	3,476	3,991
<b>Cash and cash equivalents at 31 December 2018/2017</b>	<u>850</u>	<u>3,476</u>

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**(Company No. 203352-V)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**(The figures have not been audited)**  
**(CONT'D)**

**Cash and cash equivalents :**

Cash and bank balances	23,127	29,829
Overdraft	<u>(12,653)</u>	<u>(18,938)</u>
	10,474	10,891
Less: Restricted deposits	<u>(9,624)</u>	<u>(7,415)</u>
	<u>850</u>	<u>3,476</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 2017 and the accompanying explanatory notes attached to the financial statements.

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

**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**SELECTED EXPLANATORY NOTES**

**A EXPLANATORY NOTES PURSUANT TO FRS 134**

**A1. 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 28 February 2019.

**A2. Basis of preparation**

The consolidated condensed interim financial information for the 12 months ended 31 December 2018 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), Appendix 9B (Part A) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements") and the requirements of the Companies Act, 2016 in Malaysia. The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the financial year ended 31 December 2017, which have been prepared in accordance with MFRS, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

**A3. MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

**Effective for Annual periods commencing on or after 1 January 2018**

The Group has adopted the following MFRS and Amendments to MFRSs and Annual Improvement to Standards effective as of 1 January 2018.

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
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2018

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.

<b>MFRSs and amendments to MFRSs</b>	<b>Effective for annual period beginning on or after</b>
MFRS 16: Leases	1 January 2019
MFRS17: Insurance Contract	1 January 2021
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendment to MFRS 128: Long term Interests in Associate and Joint Ventures	1 January 2019
Amendments to MFRS 10, MFRS 128 : Sales or Contribution of Assets between Investor and its Associate and Joint Venture	Deferred
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019

The interim report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2017.

**A4. 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.

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018  
SELECTED EXPLANATORY NOTES

A5. Changes in composition of the Group

No changes in composition of group for quarter ended 31 December 2018.

A6. Segment information

<u>31 December 2018</u>	Environmental consultancy & monitoring Services	Laboratory Services	Wastewater treatment & Solution	Others*	Elimination	Financial Year Ended 31.12.2018
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
External revenue	32,446	50,426	1,741	2,853	-	87,465
Inter- segment revenue	66	1,375	518	9,822	(11,781)	-
<b>Total revenue</b>	<b>32,512</b>	<b>51,801</b>	<b>2,258</b>	<b>12,675</b>	<b>(11,781)</b>	<b>87,465</b>

**Segment Results**

Segment profit/(loss)						
from operations	31	21,635	(580)	3,311	(10,115)	14,282
Finance cost	(589)	-	(105)	(1,400)	625	(1,467)
Income tax expense						(5,655)
<b>Profit net of tax</b>						<b>7,160</b>
Non-controlling interest						(6,712)
<b>Net profit for the period</b>						<b>448</b>

31 December 2017

	Environmental consultancy & monitoring Services	Laboratory Services	Wastewater treatment & Solution	Others*	Elimination	Financial Year Ended 31.12.2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>						
External revenue	23,822	48,020	9,154	2,879	-	83,875
Inter- segment revenue	150	2,288	283	7,945	(10,666)	-
<b>Total revenue</b>	<b>23,972</b>	<b>50,308</b>	<b>9,437</b>	<b>10,824</b>	<b>(10,666)</b>	<b>83,875</b>

**Segment Results**

Segment profit/(loss)						
from operations	363	20,217	1,059	6,321	(13,855)	14,105
Financing cost	(363)	-	(387)	(1,209)	677	(1,282)
Income tax expense	(27)	(5,243)	-	(45)	-	(5,315)
<b>Profit net of tax</b>						<b>7,508</b>
Non-controlling interest						(6,502)
<b>Net profit for the period</b>						<b>1,006</b>

\* The segment denoted as "others" includes the revenue and results of Progressive Impact Corporation Berhad ("the Company") and subsidiaries which do not fall under the segments Environmental consultancy & Monitoring Services, Laboratory Services, Wastewater Treatment & Solution.

The review of the group and segmental performance is further illustrated in Note B1 and B2 of the announcement.



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

**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**SELECTED EXPLANATORY NOTES**

**A7. Seasonality or cyclicality**

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

**A8. Profit before taxation**

	Individual quarter		Financial Year	
	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Impairment of trade receivables	204	187	315	207
Reversal of Provision for doubtful debt	148	(282)	(37)	(282)
Unrealised Foreign exchange currency losses	916	1,447	228	911
Gain on disposal of property, plant and equipment	1	(1,167)	(25)	1,277

**A9. Income tax expense**

	Individual quarter		Financial Year	
	3 months ended		12 months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
	RM'000	RM'000	RM'000	RM'000
Current tax :				
- Malaysia Income Tax	1,440	273	4,313	3,518
- Foreign Tax	562	201	1,558	1,286
- Deferred Tax	78	38	(216)	511
Tax expense	2,080	512	5,655	5,315
Effective tax rate			44%	41%

The effective tax rate for 2018 and 2017 is higher than the statutory income tax rate of 24% .This is due to the losses incurred by the subsidiary companies which has lowered the basis for the computation of the effective tax rate.

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

**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**SELECTED EXPLANATORY NOTES**

**A10. 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		Financial Year Ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Profit for the period (RM'000)	799	1,850	448	1,006
Number of ordinary shares of RM0.10 each in issue ('000)	656,196	656,699	656,196	656,699
Basic Earnings Per Share (sen)	0.12	0.28	0.07	0.15

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

**A11. 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.

**A12. Interest bearing loans and borrowings**

	31.12.2018 RM'000	31.12.2017 RM'000
<b>Short term borrowings</b>		
Hire purchase	100	-
Revolving Credit	10,041	-
Overdraft	12,653	18,938
Term loan	2,316	2,816
Finance lease	242	-
	<u>25,353</u>	<u>21,754</u>
<b>Long term borrowings</b>		
Hire purchase	328	-
Finance lease	350	-
	<u>678</u>	<u>-</u>

Current year utilisation of additional borrowings relates to its investment and working capital financing.

**A13. Trade receivables**

	31.12.2018 RM'000	31.12.2017 RM'000
Trade and Other receivable	<u>39,946</u>	<u>33,336</u>

**A14. Dividends**

At the forthcoming Annual general meeting, a final net dividend of 0.35 sen in respect of financial year ended 31 December 2018 amounting to dividend payable of RM 2,296,686 will be proposed for shareholders approval. The date of entitlement and payment will be determined in due course. The current quarter do not reflect this proposed dividend. Such dividend, if approved by shareholder, will be accounted for in equity as an appropriation of retained profits of the financial year ended 31 December 2019.

**A15. Commitments**

	31.12.2018 RM'000	31.12.2017 RM'000
<b>Capital expenditure</b>		
Approved and contracted for :		
Property, plant & equipment	6,334	6,247
Approved but not contracted for :		
Property, plant & equipment	-	-
	<u>6,334</u>	<u>6,247</u>

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

**FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**  
**SELECTED EXPLANATORY NOTES**

**A16. Contingent liabilities and contingent assets**

There were no material changes in the contingent liabilities and contingent assets since the last audited financial statements for the financial year ended 31 December 2017.

**A17. 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.

**A18. 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 December 2018.

**A19. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

**Share buybacks/ Treasury shares of the Company**

	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
As at 1 January	202	190
Share buyback	53	12
As at 31 December	<u>255</u>	<u>202</u>

FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018  
SELECTED EXPLANATORY NOTES

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

B1. Performance review

Review of Group Performance

	Financial Year Ended 31.12.2018 RM'000	Financial Year Ended 31.12.2017 RM'000	Changes Amount RM'000	Changes + / (-)
<b>Revenue</b>				
Environmental consultancy & monitoring services	32,512	23,972	8,540	0.36
Laboratory services	51,801	50,308	1,493	0.03
Wastewater treatment & solution	2,258	9,437	(7,179)	(0.76)
Corporate holding and Elimination	894	158	736	4.66
	<u>87,465</u>	<u>83,876</u>	<u>3,589</u>	<u>0.04</u>
<b>Segment results</b>				
Environmental consultancy & monitoring services	31	363	(332)	>(1.00)
Laboratory services	21,635	20,217	1,418	0.07
Wastewater treatment & solution	(580)	1,059	(1,639)	>1.00
Corporate holding and Elimination	(6,804)	(7,534)	730	0.10
Profit from operations	<u>14,282</u>	<u>14,105</u>	<u>177</u>	<u>0.01</u>
Finance charges	<u>(1,467)</u>	<u>(1,282)</u>	<u>(185)</u>	<u>(0.14)</u>
Profit before tax	<u>12,815</u>	<u>12,823</u>	<u>(8)</u>	<u>(0.00)</u>
Tax Expense	<u>(5,655)</u>	<u>(5,315)</u>	<u>(340)</u>	<u>(0.06)</u>
Profit net of tax	<u>7,160</u>	<u>7,508</u>	<u>(348)</u>	<u>(0.05)</u>
Non Controlling interest	<u>(6,712)</u>	<u>(6,502)</u>	<u>(210)</u>	<u>(0.03)</u>
Profit attributable to owners of the Company	<u><u>448</u></u>	<u><u>1,006</u></u>	<u><u>(558)</u></u>	<u><u>0.55</u></u>

1.1 Segments Background:

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

- The environmental consultancy & monitoring services segment includes the provision of environmental related services in air, water and public health.
- The laboratory services segment includes the provision of Environmental and food testing and analysis services.
- The wastewater treatment & solution segment includes the provision of waste water treatment solution system called Bi-Act SDO.

1.2 Group and Segments Analysis

Group Analysis:

For the year ended 31 December 2018, the Group revenue increased by RM3.6 million compared to the financial year ended 31 December 2017 due to higher revenue from environmental consultancy & monitoring services and laboratory segments. However, profit from operations decreased by RM0.6 million mainly due to higher losses from wastewater treatment and solution.

## B1. Performance review (cont'd.)

An analysis of the results of each segment is as follows:

### a) Environmental consultancy & monitoring services

Environmental consultancy & monitoring services segment revenue contributed 37% of the total Group Revenue.

The segment revenue is higher by 36% than the financial year ended 31 December 2017 due to higher revenue generated from Malaysian and Saudi operations. However, for the year ended 31 December 2018, this segment recorded a lower profit from operations amounted to RM31k due to higher operating expenses during the year.

### b) Laboratory services

Laboratory services segment revenue contributed 59% of the total Group Revenue

For the current year ended 31 December 2018, the segment revenue is higher by 3% compared to the financial year ended 31 December 2017 due to higher revenue from the Malaysian Operation. Meanwhile the segment profit from operation is higher by 7% for the same period under review due to higher revenue and lower operating expenses from both Malaysian and Indonesian operation.

### c) Wastewater treatment & solution

Wastewater treatment & solution segment revenue contributed to 3% of the total Group Revenue. Revenue and segment profit was lower than the financial year ended due to lesser new projects awarded.

## B2. Material Changes in Profit for the Current Quarter as Compared to the Results of the Preceding Quarter

	Individual Quarter		Changes Amount RM'000	Changes + / (-)
	Quarter To Date 31.12.2018 RM'000	Quarter To Date 30.09.2018 RM'000		
	<b>Revenue</b>			
Environmental consultancy & monitoring services	11,546	6,980	4,566	0.65
Laboratory services	12,575	12,213	362	0.03
Wastewater treatment & solution	861	114	747	6.55
Corporate holding and Elimination	394	163	231	1.42
	<u>25,376</u>	<u>19,470</u>		<u>0.30</u>
<b>Segment results</b>				
Environmental consultancy & monitoring services	3,275	(906)	4,181	>(1.00)
Laboratory services	4,315	4,651	(336)	(0.07)
Wastewater treatment & solution	96	(438)	534	(1.22)
Corporate holding and Elimination	(3,282)	(1,171)	(2,111)	1.80
Profit from operations	<u>4,404</u>	<u>2,136</u>	<u>2,268</u>	<u>1.06</u>
Finance charges	(653)	(359)	(294)	0.82
Profit before tax	<u>3,751</u>	<u>1,777</u>	<u>1,974</u>	<u>1.11</u>
Tax Expense	<u>(2,080)</u>	<u>(1,088)</u>	<u>(992)</u>	<u>0.91</u>
Profit net of tax	1,671	689	982	1.43
Non Controlling interest	(872)	(1,481)		(0.41)
Profit attributable to owners of the company	<u><u>799</u></u>	<u><u>(792)</u></u>	<u>2</u>	<u>(2.01)</u>

## **B2. Material Changes in Profit for the Current Quarter as Compared to the Results of the Preceding Quarter (cont'd)**

### **2.1 Group and Segments Analysis**

#### **Group Analysis:**

For the quarter ended 31 December 2018, the Group reported a revenue and profit of operations of RM25.4 million and RM4.4 million which is higher than the preceding quarter of RM19.5 million and RM2.1 million respectively.

The increase is mainly attributed to higher segment profit for environmental consultancy & monitoring services.

An analysis of the results of each segment is as follows:

#### **a) Environmental consultancy & monitoring services**

The segment reported a profit from operations amounted to RM3.2 million as compared to loss of RM0.9 million in the previous quarter ended 30 September 2018 .

#### **b) Laboratory services**

Laboratory services segment reported a slight increase in revenue and a lower profit from operations due to lower contribution from the Indonesia operation.

#### **c) Wastewater treatment and solution**

The wastewater segment recorded a profit of RM98k for the quarter ended 31 December 2018 as compared to loss of RM438k in the previous quarter ended 30 September 2018 due to lack of ongoing projects.

## **B3. Commentary on prospects**

The group shall continue to explore new opportunities by deploying its resources effectively and efficiently and by leveraging on its main products and services in the business areas of environmental management solutions and lab testing services for both local and international market.

The Board of Directors is still of the opinion that environmental and food safety regulations are the main drivers for business. Given the economical and political uncertainties locally and abroad, the Board is of the view that the prospect for the financial year ending 31 December 2019 remains challenging.

## **B4. Profit forecast or profit guarantee**

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

## **B5. Corporate proposals**

There were no corporate proposal issued by the group for quarter ended 31 December 2018.

## **B6. 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 December 2018.

## **B7. 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.

## **B8. Changes in Material Litigation**

There is no material litigation in the current year.

## **B9. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2017 was not qualified.

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

Shah Alam