

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)

| | Individual Quarter | | + / (-) | Cumulative Quarter | | + / (-) |
|--|---|---|---------|---|---|---------|
| | Current Quarter 31.03.2019 RM'000 | Preceding Quarter 31.03.2018 RM'000 | | Current Year To Date 31.03.2019 RM'000 | Preceding Year To Date 31.03.2018 RM'000 | |
| Revenue | 25,552 | 22,212 | 0.15 | 25,552 | 22,212 | 0.15 |
| Cost of sales | (10,426) | (6,705) | | (10,426) | (6,705) | |
| Gross profit | <u>15,126</u> | <u>15,507</u> | (0.02) | <u>15,126</u> | <u>15,507</u> | (0.02) |
| Profit income | 112 | 129 | | 112 | 129 | |
| Other income | 551 | 201 | | 551 | 201 | |
| Staff costs | (7,723) | (6,606) | | (7,723) | (6,606) | |
| Depreciation and amortisation | (1,371) | (1,688) | | (1,371) | (1,688) | |
| Other operating expenses | (3,014) | (3,283) | | (3,014) | (3,283) | |
| Profit from operations | <u>3,681</u> | <u>4,260</u> | (0.14) | <u>3,681</u> | <u>4,260</u> | (0.14) |
| Finance costs | (459) | (226) | | (459) | (226) | |
| Profit before tax | <u>3,222</u> | <u>4,034</u> | (0.20) | <u>3,222</u> | <u>4,034</u> | (0.20) |
| Income tax expense | (1,237) | (1,525) | | (1,237) | (1,525) | |
| Profit net of tax | <u><u>1,985</u></u> | <u><u>2,509</u></u> | (0.21) | <u><u>1,985</u></u> | <u><u>2,509</u></u> | (0.21) |
| Other comprehensive income: | | | | | | |
| Foreign currency translation | (237) | (1,086) | | (237) | (1,086) | |
| Other comprehensive income attributable to: | <u>(237)</u> | <u>(1,086)</u> | | <u>(237)</u> | <u>(1,086)</u> | |
| Total comprehensive income for the period | <u><u>1,748</u></u> | <u><u>1,423</u></u> | 0.23 | <u><u>1,748</u></u> | <u><u>1,423</u></u> | 0.23 |
| Net Profit attributable to: | | | | | | |
| Owners of the parent | 419 | 420 | (0.00) | 419 | 420 | (0.00) |
| Minority interest | 1,566 | 2,089 | (0.25) | 1,566 | 2,089 | (0.25) |
| | <u><u>1,985</u></u> | <u><u>2,509</u></u> | (0.21) | <u><u>1,985</u></u> | <u><u>2,509</u></u> | (0.21) |

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2019
 (The figures have not been audited)
 (CONT'D.)

Total comprehensive income
attributable to :

| | | | | | | |
|----------------------|--------------|--------------|--------|--------------|--------------|--------|
| Owners of the parent | 245 | (635) | (1.39) | 245 | (635) | (1.39) |
| Minority interest | 1,503 | 2,058 | (0.27) | 1,503 | 2,058 | (0.27) |
| | <u>1,748</u> | <u>1,423</u> | 0.23 | <u>1,748</u> | <u>1,423</u> | 0.23 |

Earning per share attributable to equity holders of the parent

| | | | | |
|--|-------------|-------------|-------------|-------------|
| Basic earning per share (sen) * | <u>0.06</u> | <u>0.06</u> | <u>0.06</u> | <u>0.06</u> |
|--|-------------|-------------|-------------|-------------|

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018 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 2019
(The figures have not been audited)

| | Unaudited 31.03.2019 RM'000 | Audited 31.12.2018 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 38,802 | 39,050 |
| Investment properties | 38,488 | 37,219 |
| Prepaid lease payment | 823 | 829 |
| Intangible assets | 861 | 861 |
| Deferred tax assets | - | 175 |
| | <u>78,974</u> | <u>78,134</u> |
| Current assets | | |
| Trade and other receivables | 50,118 | 39,953 |
| Amount due from Customer on contract | - | 5,336 |
| Other current financial assets | 9,867 | 7,462 |
| Tax Recoverable | 3,307 | 3,164 |
| Cash and cash equivalents | 19,745 | 22,799 |
| | <u>83,037</u> | <u>78,714</u> |
| TOTAL ASSETS | <u>162,011</u> | <u>156,848</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to the equity holders of the parent | | |
| Share capital | 65,970 | 65,970 |
| Treasury Shares | (257) | (231) |
| Other reserves | (849) | (675) |
| Retained earnings | 15,741 | 15,322 |
| | <u>80,605</u> | <u>80,386</u> |
| Non Controlling Interest | 29,884 | 28,381 |
| Total equity | <u>110,489</u> | <u>108,767</u> |
| Non-current liabilities | | |
| Retirement benefits obligation | 2,821 | 2,500 |
| Deferred tax liabilities | 3,033 | 2,885 |
| Interest bearing loans and borrowings | 580 | 677 |
| | <u>6,434</u> | <u>6,062</u> |
| Current liabilities | | |
| Trade and other payables | 15,350 | 14,718 |
| Amount due to customer on contract | 89 | - |
| Interest bearing loans and borrowings | 28,242 | 25,354 |
| Tax payable | 1,407 | 1,947 |
| | <u>45,088</u> | <u>42,019</u> |
| Total Liabilities | <u>51,522</u> | <u>48,081</u> |
| TOTAL EQUITY AND LIABILITIES | <u>162,011</u> | <u>156,848</u> |
| Net assets per share attributable to equity holders of the parent (RM) | <u>0.12</u> | <u>0.12</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 2018 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 2019
(The figures have not been audited)

| | ← Attributable to owners of the company → | | | | | | | Total Equity RM'000 |
|---|---|----------------------------|------------------------------|-----------------------------|-------------------------------|-----------------|--|---------------------------|
| | ← Non Distributable → | | | | Distributable | | Non controlling Interest 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 2018 | 65,970 | - | (202) | (329) | 19,142 | 84,581 | 26,804 | 111,385 |
| Total comprehensive income for the period | - | - | - | (1,055) | 420 | (635) | 2,058 | 1,423 |
| Purchase of treasury shares | - | - | (10) | - | - | (10) | - | (10) |
| At 31 March 2018 | 65,970 | - | (212) | (1,384) | 19,562 | 83,936 | 28,862 | 112,798 |
| At 1 January 2019 | 65,970 | - | (231) | (675) | 15,322 | 80,386 | 28,381 | 108,767 |
| Total comprehensive income for the period | - | - | - | (174) | 419 | 245 | 1,503 | 1,748 |
| Purchase of treasury shares | - | - | (26) | - | - | (26) | - | (26) |
| At 31 March 2019 | 65,970 | - | (257) | (849) | 15,741 | 80,605 | 29,884 | 110,489 |

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 2018.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)

| | Cumulative Current Year Quarter 31.03.2019 RM'000 | Cumulative Preceding Year Period 31.03.2018 RM'000 |
|---|--|---|
| Cash flows from operating activities | | |
| Profit before taxation | 3,222 | 4,035 |
| Adjustments for : | | |
| Depreciation | 1,200 | 1,508 |
| Loss on disposal of property, plant and equipment | - | 7 |
| Amortisation of Investment Properties | 172 | 173 |
| Amortisation of prepaid lease rental | 6 | 6 |
| Provision for retirement benefits | 131 | 33 |
| Reversal of impairment of receivable | - | (16) |
| Net unrealised foreign exchanges loss | 249 | 76 |
| Finance cost | 459 | 226 |
| Profit income from deposits | (55) | (96) |
| Dividend from unit trust | (57) | (33) |
| Property, plant and equipment written off | | |
| Operating profit before working capital changes | <u>5,327</u> | <u>5,919</u> |
| Working capital changes : | | |
| Increase in receivable | (4,261) | (1,193) |
| Decrease in inventories and work-in-progress | - | 1 |
| Increase/(Decrease) in payables | 941 | (1,964) |
| Cash generated from operations | <u>2,007</u> | <u>2,763</u> |
| Finance cost paid | (459) | (226) |
| Tax paid | (1,632) | (1,437) |
| Net cash (used in)/generated from operating activities | <u>(84)</u> | <u>1,100</u> |
| Cash flows from investing activities | | |
| Placement of unit trust | (2,404) | (3,033) |
| Purchase of property, plant & equipment | (1,078) | (974) |
| Land conversion charges | (1,441) | - |
| Profit received from deposits | 55 | 96 |
| Dividend in unit trust | 57 | 33 |
| Net cash used in investing activities | <u>(4,811)</u> | <u>(3,878)</u> |
| Cash flows from financing activities | | |
| Drawdown/(Repayment) of borrowings | 991 | (2,404) |
| Purchase of treasury shares | (25) | (10) |
| Net cash generated from/(used in) financing activities | <u>966</u> | <u>(2,414)</u> |
| Net decrease in cash and cash equivalents | (3,929) | (5,192) |
| Cash and cash equivalents at 1 January 2019/2018 | 521 | 3,477 |
| Cash and cash equivalents at 31 March 2019/2018 | <u>(3,408)</u> | <u>(1,715)</u> |

PROGRESSIVE IMPACT CORPORATION BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)
(CONT'D)

Cash and cash equivalents :

| | | |
|---------------------------|-----------------------|-----------------------|
| Cash and bank balances | 19,745 | 22,159 |
| Overdraft | <u>(14,453)</u> | <u>(16,458)</u> |
| | 5,292 | 5,701 |
| Less: Restricted deposits | <u>(8,700)</u> | <u>(7,416)</u> |
| | <u><u>(3,408)</u></u> | <u><u>(1,715)</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 2018 and the accompanying explanatory notes attached to the financial statements.

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

FOR THE FIRST QUARTER ENDED 31 MARCH 2019
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 23 May 2019.

A2. Basis of preparation

The consolidated condensed interim financial information for the 3 months ended 31 March 2019 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 2018, 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 2019

The Group has adopted the following MFRS and Amendments to MFRSs and Annual Improvement to Standards effective as of 1 January 2019.

| | |
|--|----------------|
| MFRS 16: Leases | 1 January 2019 |
| 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 |
| IC Interpretation 23: Uncertainty over Income Tax Treatments | 1 January 2019 |

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 2: Share-based Payment | 1 January 2020 |
| Amendments to MFRS 3: Business Combination | 1 January 2020 |
| Amendments to MFRS 101: Presentation of Financial Statements | 1 January 2020 |
| Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors | 1 January 2020 |
| MFRS17: Insurance Contract | 1 January 2021 |
| Amendments to MFRS 10, MFRS 128 : 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 2018.

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.

PROGRESSIVE IMPACT CORPORATION BERHAD
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FOR THE FIRST QUARTER ENDED 31 MARCH 2019
SELECTED EXPLANATORY NOTES

A5. Changes in composition of the Group

No changes in composition of group for quarter ended 31 March 2019.

A6. Segment information

| <u>31 March 2019</u> | <u>Environmental consultancy & monitoring Services</u> | <u>Laboratory Services</u> | <u>Waste water treatment & Solution</u> | <u>Others*</u> | <u>Elimination</u> | <u>Cumulative Quarter Ended 31.03.2019</u> |
|------------------------|--|--------------------------------|---|----------------|--------------------|--|
| | <u>RM '000</u> | <u>RM '000</u> | <u>RM '000</u> | <u>RM '000</u> | <u>RM '000</u> | <u>RM '000</u> |
| External revenue | 11,278 | 12,800 | 757 | 717 | - | 25,552 |
| Inter- segment revenue | 4 | 270 | - | 88 | (362) | - |
| Total revenue | 11,282 | 13,070 | 757 | 805 | (362) | 25,552 |

Segment Results

| | | | | | | |
|----------------------------------|-------|-------|-------|-------|-------|--------------|
| Segment profit/(loss) | | | | | | |
| from operations | 363 | 4,781 | (341) | (875) | (247) | 3,681 |
| Finance cost | (265) | - | (21) | (417) | 244 | (459) |
| Income tax expense | (226) | (947) | - | (64) | - | (1,237) |
| Profit net of tax | | | | | | 1,985 |
| Non-controlling interest | | | | | | (1,566) |
| Net profit for the period | | | | | | 419 |

| <u>31 March 2018</u> | <u>Environmental consultancy & monitoring Services</u> | <u>Laboratory Services</u> | <u>Waste water treatment & Solution</u> | <u>Others*</u> | <u>Elimination</u> | <u>Cumulative Quarter Ended 31.03.2018</u> |
|------------------------|--|--------------------------------|---|----------------|--------------------|--|
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Segment Revenue | | | | | | |
| External revenue | 7,799 | 13,088 | 617 | 708 | - | 22,212 |
| Inter- segment revenue | - | 451 | 414 | 119 | (984) | - |
| Total revenue | 7,799 | 13,539 | 1,031 | 827 | (984) | 22,212 |

Segment Results

| | | | | | | |
|----------------------------------|-------|---------|----|---------|------|--------------|
| Segment profit/(loss) | | | | | | |
| from operations | (606) | 6,162 | 29 | (1,260) | (65) | 4,260 |
| Financing cost | (30) | - | - | (259) | 63 | (226) |
| Income tax expense | - | (1,488) | - | (37) | - | (1,525) |
| Profit net of tax | | | | | | 2,509 |
| Non-controlling interest | | | | | | (2,089) |
| Net profit for the period | | | | | | 420 |

* 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, Waste water 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
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FOR THE FIRST QUARTER ENDED 31 MARCH 2019
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 | | Cumulative quarter | |
|--|--------------------|------------|--------------------|------------|
| | 3 months ended | | 3 months ended | |
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit before taxation is arrived at after charging/(crediting): | | | | |
| Unrealised foreign exchange currency losses | 249 | 76 | 249 | 76 |
| Loss on disposal of property, plant and equipment | - | 7 | - | 7 |
| | | | | |

A9. Income tax expense

| | Individual quarter | | Cumulative quarter | |
|-----------------------|--------------------|------------|--------------------|------------|
| | 3 months ended | | 3 months ended | |
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax : | | | | |
| - Malaysia Income Tax | 739 | 1,003 | 739 | 1,003 |
| - Foreign Tax | 175 | 487 | 175 | 487 |
| - Deferred Tax | 323 | 35 | 323 | 35 |
| Tax expense | 1,237 | 1,525 | 1,237 | 1,525 |
| | | | | |
| Effective tax rate | | | 38% | 38% |

The effective tax rate for 2019 and 2018 is higher than the statutory income tax rate of 24% .This is due to losses incurred by companies within the group which has lowered the basis for the computation of the effective tax rate.

PROGRESSIVE IMPACT CORPORATION BERHAD
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FOR THE FIRST QUARTER ENDED 31 MARCH 2019
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 | | Cumulative quarter 3 months ended | |
|--|--------------------------------------|------------|--------------------------------------|------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Profit for the period (RM'000) | 419 | 420 | 419 | 420 |
| Number of ordinary shares of RM0.10 each in issue ('000) | 656,196 | 656,609 | 656,196 | 656,609 |
| Basic Earnings Per Share (sen) | 0.06 | 0.06 | 0.06 | 0.06 |

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

| | 31.03.2019 RM'000 | 31.12.2018 RM'000 |
|------------------------------|----------------------|----------------------|
| Short term borrowings | | |
| Hire purchase | 330 | 344 |
| Overdraft | 14,453 | 12,653 |
| Revolving Credit | 10,064 | 10,041 |
| Term loan | 3,395 | 2,316 |
| | <u>28,242</u> | <u>25,354</u> |
| Long term borrowings | | |
| Hire purchase | 580 | 677 |
| | <u>580</u> | <u>677</u> |
| Total borrowings | <u>28,822</u> | <u>26,031</u> |

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

A13. Trade receivables

| | 31.03.2019 RM'000 | 31.12.2018 RM'000 |
|----------------------------|----------------------|----------------------|
| Trade and Other receivable | <u>50,118</u> | <u>39,953</u> |

A14. Dividends

No dividend declared or paid during current quarter.

A15. Commitments

| | 31.03.2019 RM'000 | 31.12.2018 RM'000 |
|-----------------------------------|----------------------|----------------------|
| Capital expenditure | | |
| Approved and contracted for : | | |
| Property, plant & equipment | 248 | 1,009 |
| Approved but not contracted for : | | |
| Property, plant & equipment | - | - |
| | <u>248</u> | <u>1,009</u> |

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FOR THE FIRST QUARTER ENDED 31 MARCH 2019
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 2018.

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 March 2019.

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

Share buybacks/ Treasury shares of the Company

| | 31.03.2019 | 31.12.2018 |
|-------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| As at 1 January | 231 | 201 |
| Share buyback | 26 | 30 |
| As at 31 March/December | <u>257</u> | <u>231</u> |

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

B1. Performance review

Review of Group Performance

| | Current year to date 31.03.2019 RM'000 | Preceding year corresponding period 31.03.2018 RM'000 | Changes Amount RM'000 | Changes + / (-) |
|---|--|---|-----------------------------|--------------------|
| <u>Revenue</u> | | | | |
| Environmental consultancy & monitoring services | 11,282 | 7,799 | 3,483 | 0.45 |
| Laboratory services | 13,070 | 13,539 | (469) | (0.03) |
| Waste water treatment & solution | 757 | 1,031 | (274) | (0.27) |
| Corporate holding and Elimination | 443 | (157) | 600 | (3.82) |
| | 25,552 | 22,212 | 3,340 | 0.15 |
| <u>Segment results</u> | | | | |
| Environmental consultancy & monitoring services | 363 | (606) | 969 | >(1.00) |
| Laboratory services | 4,781 | 6,162 | (1,381) | (0.22) |
| Waste water treatment & solution | (341) | 29 | (370) | >(1.00) |
| Corporate holding and Elimination | (1,122) | (1,325) | 203 | 0.15 |
| Profit from operations | 3,681 | 4,260 | (579) | (0.14) |
| Finance charges | (459) | (226) | (233) | (1.03) |
| Profit before tax | 3,222 | 4,034 | (812) | (0.20) |
| Tax Expense | (1,237) | (1,525) | 288 | 0.19 |
| Profit net of tax | 1,985 | 2,509 | (524) | (0.21) |
| Non Controlling interest | (1,566) | (2,089) | 523 | 0.25 |
| Profit attributable to owners of the Company | 419 | 420 | (1) | 0.00 |

1.1 Segments Background:

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

- (a) The environmental consultancy & monitoring services segment includes the provision of environmental related services in air, water and public health.
- (b) The laboratory services segment includes the provision of Environmental and food testing and analysis services.
- (c) The waste water treatment & solution segment includes the provision of waste water treatment solution system called Bi-Act SDO as well as water purification system called Intelligent Aqua.

1.2 Group and Segments Analysis

Group Analysis:

For the quarter ended 31 March 2019, the Group reported higher revenue by RM3.3 million compared to the preceding year corresponding quarter ended 31 March 2018 due to higher revenue from environmental consultancy & monitoring services. However, the Group reported lower profit from operations by RM0.6 million mainly due to lower profit for laboratory services and losses from waste water 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 44% of the total Group revenue.

The segment revenue is higher by 45% compared to the preceding year corresponding quarter ended 31 March 2018 due to higher revenue generated from Malaysia and Saudi operations. Furthermore, the profit from operation for the segment has turned around from RM0.6 million loss in preceeding year corresponding period 31 March 2018 to RM0.4 million profit for the quarter ended 31 March 2019.

b) Laboratory services

Laboratory services segment revenue contributed 51% of the total Group revenue.

For the quarter ended 31 March 2019, the segment revenue is lower by 3% compared to the preceding year corresponding quarter ended 31 March 2018 due to lower revenue from Indonesia operation. The segment profit from operation is lower by 22% for the same period under review due to higher operating expenses from both Malaysia and Indonesia operations.

c) Waste water treatment & solution

Waste water treatment & solution segment revenue contributed 3% of the total Group revenue. Revenue was lower than the preceding year corresponding quarter ended 31 March 2018 due to lack of 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 + / (-) |
|---|--|--|-----------------------------|--------------------|
| | Current Quarter 31.03.2019 RM'000 | Preceding Quarter 31.12.2018 RM'000 | | |
| Revenue | | | | |
| Environmental consultancy & monitoring services | 11,282 | 11,546 | (264) | (0.02) |
| Laboratory services | 13,070 | 12,575 | 495 | 0.04 |
| Waste water treatment & solution | 757 | 861 | (104) | (0.12) |
| Corporate holding and Elimination | 443 | 394 | 49 | 0.12 |
| | <u>25,552</u> | <u>25,376</u> | 176 | 0.01 |
| Segment results | | | | |
| Environmental consultancy & monitoring services | 363 | 3,275 | (2,912) | (0.89) |
| Laboratory services | 4,781 | 4,315 | 466 | 0.11 |
| Waste water treatment & solution | (341) | 96 | (437) | (4.55) |
| Corporate holding and Elimination | (1,122) | (3,282) | 2,160 | (0.66) |
| Profit from operations | <u>3,681</u> | <u>4,404</u> | (723) | (0.16) |
| Finance charges | (459) | (653) | 194 | (0.30) |
| Profit before tax | <u>3,222</u> | <u>3,751</u> | (529) | (0.14) |
| Tax Expense | (1,237) | (2,080) | 843 | (0.41) |
| Profit net of tax | <u>1,985</u> | <u>1,671</u> | 314 | 0.19 |
| Non Controlling interest | (1,566) | (872) | (694) | 0.80 |
| Profit attributable to owners of the company | <u>419</u> | <u>799</u> | (0) | (0.48) |

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 March 2019, the Group's revenue was slightly higher by 1% compared to the preceding quarter ended 31 December 2018 due to higher revenue from Laboratory services. However, the Group reported lower profit from operations by 16% compared to the preceding year quarter ended 31 December 2018 mainly due to lower revenue contribution from environmental consultancy & monitoring services.

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

a) Environmental consultancy & monitoring services

Environmental consultancy & monitoring services reported a profit from operations amounted to RM0.4 million for the quarter ended 31 March 2019 as compared to profit of RM3.3 million in the previous quarter ended 31 December 2018 which was higher due to one-time reversal of provision in doubtful debt in amounted RM2 million.

b) Laboratory services

Laboratory services segment reported higher revenue and profit from operations which was contributed by Indonesia operation.

c) Waste water treatment and solution

The waste water segment recorded a loss of RM341k for the quarter ended 31 March 2019 as compared to profit of RM96k in the previous quarter due to higher cost incurred during the quarter.

B3. Commentary on prospects

The group shall continue to explore new opportunities by deploying its resources effectively and efficiently, 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 March 2019.

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 March 2019.

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 2018 was not qualified.

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

Shah Alam