

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter	Preceding year Corresponding Quarter	+ / (-)	Current Year To Date	Preceding year Corresponding Period	+ / (-)
	30.6.2023 RM'000	30.6.2022 RM'000		30.6.2023 RM'000	30.6.2022 RM'000	
Revenue	22,022	19,900	0.11	42,553	42,434	0.00
Cost of sales	(10,372)	(9,769)		(18,612)	(19,854)	
Gross profit	11,650	10,131	0.15	23,941	22,580	0.06
Profit income	193	195		363	297	
Other income	2,892	(249)		3,654	333	
Staff costs	(6,371)	(6,498)		(12,693)	(13,016)	
Depreciation and amortisation	(1,839)	(1,921)		(3,657)	(3,971)	
Other operating expenses	(3,738)	(606)		(6,837)	(3,493)	
Profit from operations	2,787	1,052	1.65	4,771	2,730	0.75
Finance costs	(1,564)	(791)		(2,257)	(1,610)	
Profit before tax	1,223	261	3.69	2,514	1,120	1.24
Income tax expense	52	(229)		(842)	(1,349)	
Profit/(Loss) net of tax	1,275	32	(38.84)	1,672	(229)	8.30
Other comprehensive income:						
Foreign currency translation	(720)	(1,099)		(308)	(1,572)	
Total comprehensive income for the period	555	(1,067)	1.52	1,364	(1,801)	1.76
Net Profit/(Loss) attributable to:						
Owners of the parent	(372)	(1,839)	(0.80)	(1,787)	(3,482)	(0.49)
Minority interest	1,647	1,871	(0.12)	3,459	3,253	0.06
	1,275	32	(38.84)	1,672	(229)	8.30

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
(The figures have not been audited)
(CONT'D.)

	Individual Quarter			Cumulative Quarter		
	Current	Preceding year	+ / (-)	Current Year	Preceding year	+ / (-)
	Quarter	Corresponding		To Date	Corresponding	
30.6.2023	Quarter	Quarter	30.6.2023	Period	30.6.2022	
	RM'000	RM'000		RM'000	RM'000	
Total comprehensive income attributable to :						
Owners of the parent	(1,092)	(2,939)	0.63	(2,095)	(4,372)	(0.52)
Minority interest	1,647	1,872	(0.12)	3,459	2,571	0.35
	<u>555</u>	<u>(1,067)</u>	1.52	<u>1,364</u>	<u>(1,801)</u>	1.76
Earning per share attributable to equity holders of the parent						
Basic earning per share (sen) *	<u>(0.06)</u>	<u>(0.28)</u>		<u>(0.27)</u>	<u>(0.53)</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 2022 and the accompanying explanatory notes attached to the financial statements.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023
(The figures have not been audited)

	Unaudited 30.6.2023 RM'000	Audited 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	39,119	39,729
Investment properties	35,554	35,911
Goodwill on consolidation	861	861
Deferred tax assets	5,521	4,512
	<u>81,055</u>	<u>81,013</u>
Current assets		
Inventories	402	57
Trade and other receivables	34,678	42,865
Contract assets	2,209	985
Tax recoverable	870	857
Other current financial assets	19,526	18,715
Cash and bank balances	31,479	31,249
	<u>89,164</u>	<u>94,728</u>
TOTAL ASSETS	<u>170,219</u>	<u>175,741</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	65,970	65,970
Treasury shares	(364)	(364)
Other reserves	(2,427)	(2,119)
Accumulated losses	(13,044)	(11,257)
	<u>50,135</u>	<u>52,230</u>
Non-controlling interest	32,494	31,495
Total equity	<u>82,629</u>	<u>83,725</u>
Non-current liabilities		
Retirement benefit obligation	1,993	1,745
Deferred tax liabilities	3,735	3,786
Lease obligations	112	102
Borrowings	293	293
	<u>6,133</u>	<u>5,926</u>
Current liabilities		
Trade and other payables	26,600	26,542
Lease obligations	76	98
Borrowings	53,201	58,118
Income tax payable	1,580	1,332
	<u>81,457</u>	<u>86,090</u>
Total Liabilities	<u>87,590</u>	<u>92,016</u>
TOTAL EQUITY AND LIABILITIES	<u>170,219</u>	<u>175,741</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.08</u>	<u>0.08</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 2022 and the accompanying explanatory notes attached to the financial statements.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
(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	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000				
At 1 January 2022	65,970	(364)	(763)	445	65,288	31,211	96,499	
Total comprehensive loss for the period	-	-	(890)	(3,482)	(4,372)	2,571	(1,801)	
Dividends payable to non-controlling interest	-	-	-	-	-	(2,460)	(2,460)	
At 30 June 2022	65,970	(364)	(1,653)	(3,037)	60,916	31,322	92,238	
At 1 January 2023	65,970	(364)	(2,119)	(11,257)	52,230	31,495	83,725	
Total comprehensive income for the period	-	-	(308)	(1,787)	(2,095)	3,459	1,364	
Dividends payable to non-controlling interest	-	-	-	-	-	(2,460)	(2,460)	
At 30 June 2023	65,970	(364)	(2,427)	(13,044)	50,135	32,494	82,629	

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 2022.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 30 JUNE 2023
(The figures have not been audited)

	Cumulative Current Year To Date 30.6.2023 RM'000	Cumulative Corresponding Period 30.6.2022 RM'000
Cash flows from operating activities		
Profit before tax	2,514	1,120
Adjustments for :		
Depreciation and amortisation	3,299	3,614
Amortisation of investment properties	357	357
Provision for retirement benefit obligations	249	-
Gain on disposal of property, plant and equipment	(218)	-
Impairment of trade receivables	1,407	544
Net foreign exchange loss/(gain)	(2,489)	(2,984)
Finance cost	2,257	1,610
Profit income from deposit	(363)	(297)
Operating profit before working capital changes	<u>7,013</u>	<u>3,964</u>
Working capital changes :		
(Increase)/decrease in inventories	(345)	(10)
Decrease in receivables	2,590	13,050
Increase/(decrease) in payables	2,699	(6,128)
Cash generated from operations	<u>11,957</u>	<u>10,876</u>
Retirement benefit obligation paid	-	-
Taxation paid	(1,604)	(1,900)
Net cash generated from operating activities	<u>10,353</u>	<u>8,976</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	249	-
Net withdrawal/(placement) of unit trust	(736)	(3,139)
Purchase of property plant and equipment	(2,721)	(1,764)
Profits received from deposits	289	297
Placement of deposits pledged	(136)	(64)
Net cash generated from/(used in) investing activities	<u>(3,055)</u>	<u>(4,670)</u>
Cash flows from financing activity		
Net (repayment)/drawdown of borrowings	(2,252)	3,477
Financing cost paid	(2,257)	(1,610)
Lease payment	(31)	-
Dividend paid to NCI	-	(2,460)
Net cash (used in)/generated from financing activity	<u>(4,540)</u>	<u>(593)</u>
Net increase in cash and cash equivalents	2,758	3,713
Cash and cash equivalents at 1 January 2023/2022	<u>1,697</u>	<u>2,620</u>
Cash and cash equivalents at 30 June 2023/2022	<u>4,455</u>	<u>6,333</u>
Cash and cash equivalents :		
Cash and bank balances	31,479	27,466
Overdraft	(15,745)	(11,175)
	<u>15,734</u>	<u>16,291</u>
Less: Restricted deposits	(11,279)	(9,958)
	<u>4,455</u>	<u>6,333</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 2022 and the accompanying explanatory notes attached to the financial statements.

FOR THE SECOND QUARTER ENDED 30 JUNE 2023
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 August 2023.

A2. Basis of preparation

The consolidated condensed interim financial information for the period ended 30 June 2023 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 2022, 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 2023

The Group has adopted the following MFRS and Amendments to MFRSs and Annual Improvement to Standards effective as of 1 January 2023.

MFRS 17 Insurance Contracts including Amendments on Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 112 Income Taxes: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023

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 16 Leases: Lease Liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or 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 2022.

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 SECOND QUARTER ENDED 30 JUNE 2023
SELECTED EXPLANATORY NOTES

A5. Changes in composition of the Group

No changes in composition of the group for the quarter ended 30 June 2023.

A6. Segment information

	30 June 2023				Cumulative
	Environmental	Lab Testing	Others*	Elimination	Quarter
	Monitoring,	Services			30.6.2023
	Services	Services	RM '000	RM '000	RM '000
	RM '000	RM '000	RM '000	RM '000	RM '000
External revenue	14,551	26,933	1,069	-	42,553
Inter- segment revenue	10	8	4,095	(4,113)	-
Total revenue	14,561	26,941	5,164	(4,113)	42,553
Segment Results					
Segment profit/(loss)					
from operations	(3,826)	10,055	3,123	(4,581)	4,771
Finance cost	(2,159)	-	(1,138)	1,040	(2,257)
Income tax expense	1,008	(1,850)	-	-	(842)
Loss net of tax					1,672
Non-controlling interest					(3,459)
Net loss for the period					(1,787)

	30 June 2022				Cumulative
	Environmental	Lab Testing	Others*	Elimination	Quarter
	Monitoring,	Services			30.6.2022
	Services	Services	RM '000	RM '000	RM '000
	RM '000	RM '000	RM '000	RM '000	RM '000
Segment Revenue					
External revenue	13,414	27,510	1,510	-	42,434
Inter- segment revenue	6	524	3,775	(4,305)	-
Total revenue	13,420	28,034	5,285	(4,305)	42,434
Segment Results					
Segment profit/(loss) from operations	(7,671)	10,536	2,951	(3,086)	2,730
Financing cost	(1,315)	(2)	(851)	558	(1,610)
Income tax expense	1,378	(2,727)	-	-	(1,349)
Profit net of tax					(229)
Non-controlling interest					(3,253)
Net loss for the period					(3,482)

* 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 monitoring, consultancy and services and lab testing services.

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

A7. Seasonality or cyclicity

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

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 2023
SELECTED EXPLANATORY NOTES

A8. Profit before taxation

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging:				
Zakat	140	97	265	198

A9. Income tax expense

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
	RM'000	RM'000	RM'000	RM'000
Tax expense :				
- Malaysia Income Tax	784	1,235	1,547	2,301
- Foreign Tax	173	136	304	370
- Deferred Tax	(1,009)	(1,142)	(1,009)	(1,322)
	(52)	229	842	1,349
Effective tax rate			33%	120%

The effective tax rate for 2023 and 2022 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.

A10. 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		6 months ended	
	30.6.2023	30.6.2022	30.6.2023	30.6.2022
Profit for the period (RM'000)	(372)	(1,839)	(1,787)	(3,482)
Number of ordinary shares of RM0.10 each in issue ('000)	655,631	655,371	655,631	655,371
Basic Earnings Per Share (sen)	(0.06)	(0.28)	(0.27)	(0.53)

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.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 2023
SELECTED EXPLANATORY NOTES

A12. Interest bearing loans and borrowings

	30.6.2023	31.12.2022
	RM'000	RM'000
Short term borrowings		
Hire purchase	228	798
Overdraft	15,745	18,409
Revolving Credit	23,865	25,673
Term loan	12,707	12,612
Trust receipt	656	626
	<u>53,201</u>	<u>58,118</u>
Long term borrowings		
Hire purchase	293	293
	<u>293</u>	<u>293</u>
Total borrowings	<u>53,494</u>	<u>58,411</u>

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

A13. Trade receivables

	30.6.2023	31.12.2022
	RM'000	RM'000
Trade and Other receivable	<u>34,678</u>	<u>42,865</u>

A14. Dividends

No dividend declared or paid during current quarter.

A15. Commitments

	30.6.2023	31.12.2022
	RM'000	RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	515	410
	<u>515</u>	<u>410</u>

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 2022.

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 30 June 2023.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 2023
SELECTED EXPLANATORY NOTES

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

Share buybacks/ Treasury shares of the Company

	30.6.2023	31.12.2022
	RM'000	RM'000
As at 1 January	364	364
Share buyback	-	-
As at 30 June/December	<u>364</u>	<u>364</u>

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

FOR THE SECOND QUARTER ENDED 30 JUNE 2023
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

	Current Year To Date 30.6.2023 RM'000	Preceding Year Corresponding Period 30.6.2022 RM'000	Changes Amount RM'000	Changes + / (-)
Revenue				
Environmental monitoring, consultancy & services	14,561	13,420	1,141	0.09
Lab testing services	26,941	28,034	(1,093)	(0.04)
Corporate holding and Elimination	1,051	980	71	0.07
	<u>42,553</u>	<u>42,434</u>	119	0.00
Segment results				
Environmental monitoring, consultancy & services	(3,826)	(7,671)	3,845	0.50
Lab testing services	10,055	10,536	(481)	(0.05)
Corporate holding and Elimination	(1,458)	(135)	(1,323)	(9.80)
Profit from operations	<u>4,771</u>	<u>2,730</u>	2,041	0.75
Finance charges	<u>(2,257)</u>	<u>(1,610)</u>	(647)	(0.40)
Profit before tax	2,514	1,120	1,394	1.24
Tax expense	<u>(842)</u>	<u>(1,349)</u>	507	0.38
Profit/(Loss) net of tax	1,672	(229)	1,901	8.30
Non controlling interest	<u>(3,459)</u>	<u>(3,253)</u>	(206)	(0.06)
Loss attributable to owners of the Company	<u><u>(1,787)</u></u>	<u><u>(3,482)</u></u>	1,695	0.49

1.1 Segments Background:

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

- (a) The environmental monitoring, consultancy and services segment includes the provision of environmental related services in air, water, wastewater and public health.
- (b) The lab testing services segment includes the provision of environmental and food testing and analysis services.

1.2 Group and Segments Analysis

Group Analysis:

The Group reported a slight increase in revenue by RM0.1 million as compared to the preceding year mainly due to lower revenue recorded by the lab testing services segment. The Group reported an increased in the profit from operations by RM2.0 million as a result of higher gross profit and other income in the current financial period.

FOR THE SECOND QUARTER ENDED 30 JUNE 2023
SELECTED EXPLANATORY NOTES

B1. Performance review (cont'd.)

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

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

Environmental monitoring, consultancy and services segment contributed 34% from the total Group revenue in the current year, an increased of 2% from the preceding year's contribution.

The segment revenue has increased by RM1.1 million or 9% as compared to the preceding year due to higher revenue generated by the Malaysia operation. The segment reported lower loss from operations by RM3.8 million due to higher gross profit recorded by both the Malaysia and Saudi operations and lower operating expenses recorded by the Malaysia operation.

b) **Lab testing services**

Lab testing services segment revenue contributed 64% of the total Group revenue, a decreased by 2% as compared to the preceding year contribution of 66%.

The decreased in the segment's revenue of RM1.1 million contributed mainly by the decreased in the Indonesia's operation revenue amounting to RM1.0 million as compared to the preceding year. The segment profit from operations was lower by 5% or RM0.5 million as compared to the preceding year mainly due to lower revenue recorded by Indonesia operation and higher cost recorded by Malaysia operation.

Overall, our loss position has improved significantly by 49% as compared to the same period last year mainly due to recovery of business operations. We will continue to further improve by implementing our revenue growth strategies such as promoting our newly launch water treatment solutions, cost optimization vis-a-vis margin improvement. Hence, our loss position will be further improved in the second half of the year.

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 30.6.2023 RM'000	Preceding Quarter 31.03.2023 RM'000		
Revenue				
Environmental monitoring, consultancy & services	7,838	6,723	1,115	0.17
Lab testing services	13,619	13,322	297	0.02
Corporate holding and Elimination	565	486	79	0.16
	<u>22,022</u>	<u>20,531</u>	1,491	0.07
Segment results				
Environmental monitoring, consultancy & services	(1,373)	(2,453)	1,080	0.44
Lab testing services	5,017	5,038	(21)	(0.00)
Corporate holding and Elimination	(857)	(601)	(256)	0.43
Profit from operations	<u>2,787</u>	<u>1,984</u>	803	0.40
Finance charges	<u>(1,564)</u>	<u>(693)</u>	(871)	(1.26)
Profit before tax	1,223	1,291	(68)	(0.05)
Tax Expense	<u>52</u>	<u>(894)</u>	946	1.06
Profit net of tax	<u>1,275</u>	<u>397</u>	878	2.21
Non Controlling interest	<u>(1,647)</u>	<u>(1,812)</u>	165	0.09
Loss attributable to owners of the company	<u>(372)</u>	<u>(1,415)</u>	1,043	0.74

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:

The Group's revenue has increased by RM1.5 million as compared to the preceding quarter ended 31 March 2023 contributed mainly by higher revenue recorded by the environmental monitoring, consultancy and services segment. The Group's profit from operations also shown an increased from the preceding quarter by RM0.8 million as a results of lower losses recorded by the environmental monitoring, consultancy and services segment.

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

a) Environmental monitoring, consultancy & services

Environmental monitoring, consultancy and services segment reported higher revenue by RM1.1 million contributed by higher revenue recorded by both Malaysia and Saudi operations. The segment also recorded a lower loss from operations by RM1.1 million as compared to previous quarter ended 31 March 2023 due to higher gross margin and lower operating expenses recorded in the current quarter.

b) Lab testing services

Lab testing services segment reported a slight increased in its revenue for the quarter contributed by Indonesia operation. The segment's profit from operations however, is slightly lower as compared to preceding quarter ended 31 March 2023 as a results of higher cost recorded in the current quarter.

B3. Commentary on prospects

The Malaysian economy is expected to experience slower growth in 2023 due to weakening global trade, geopolitical tensions, inflation, and tighter financial conditions, as forecasted by the IMF and World Bank. Despite these challenges, the Malaysian government is confident in achieving a 4.0% to 5.0% growth forecast for 2023, citing strong economic fundamentals and the implementation of measures as outlined in Belanjawan 2023. However, according to MIER analysis, a potential further slowdown in Malaysia's economic growth in Q2, projecting it to settle at 3.2% which is lower than the initial estimate of 4.1%. The government remains focused on addressing citizens' daily economic concerns, reducing wastage, and combatting corruption to enhance economic efficiency and stability.

PICORP's 3-year turnaround strategy encompasses core sector, i.e Environmental Monitoring Consultancy & Services (EMCS) drinking water and wastewater treatment solutions and a new role as environmental monitoring contractor for a major oil company. In Saudi Arabia, leveraging Saudi Asma as the leading Integrated Pest Management (IPM) provider recognised by local ministry will further fuel expansion into new markets especially Riyadh and NEOM in Tabuk Province. Our Cost optimization involves supplier contract renegotiation, a hiring freeze, and streamlining of operations, leading to reduction in expenses. Operational efficiency improvement via lean management and technological adoption.

As a result, our loss position has improved significantly by 49% as compared to same period last year. While Lab Testing Services (LTS) segment continue to be profitable, we foresee that the Group loss position will be further improved in the second half of the year barring any unforeseen circumstances.

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 30 June 2023.

PROGRESSIVE IMPACT CORPORATION BERHAD
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SELECTED EXPLANATORY NOTES

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 30 June 2023.

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. Dividend

The Company does not recommend any payment of dividend in respect of the financial year ended 31 December 2022.

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not qualified.

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

Shah Alam