

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter 31.3.2024 RM'000	Preceding year Corresponding Quarter 31.3.2023 RM'000	+ / (-)	Current Year To Date 31.3.2024 RM'000	Preceding year Corresponding Period 31.3.2023 RM'000	+ / (-)
Revenue	23,062	20,531	0.12	23,062	20,531	0.12
Cost of sales	(8,287)	(8,240)		(8,287)	(8,240)	
Gross profit	14,775	12,291	0.20	14,775	12,291	0.20
Profit income	140	170		140	170	
Other income	854	762		854	762	
Staff costs	(7,443)	(6,322)		(7,443)	(6,322)	
Depreciation and amortisation	(1,641)	(1,818)		(1,641)	(1,818)	
Other operating expenses	(3,211)	(3,099)		(3,211)	(3,099)	
Profit from operations	3,474	1,984	0.75	3,474	1,984	0.75
Finance costs	(884)	(693)		(884)	(693)	
Profit before tax	2,590	1,291	1.01	2,590	1,291	1.01
Income tax expense	(994)	(894)		(994)	(894)	
Profit/(Loss) net of tax	1,596	397	(3.02)	1,596	397	(3.02)
Other comprehensive income:						
Foreign currency translation	(941)	412		(941)	412	
Total comprehensive income for the period	655	809	0.19	655	809	0.19
Net Profit/(Loss) attributable to:						
Owners of the parent	(218)	(1,415)	(0.85)	(218)	(1,415)	(0.85)
Minority interest	1,814	1,812	0.00	1,814	1,812	0.00
	1,596	397	(3.02)	1,596	397	(3.02)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)
(CONT'D.)

	Individual Quarter			Cumulative Quarter		
	Current Quarter	Preceding year Corresponding Quarter	+ / (-)	Current Year To Date	Preceding year Corresponding Period	+ / (-)
	31.3.2024 RM'000	31.3.2023 RM'000		31.3.2024 RM'000	31.3.2023 RM'000	
Total comprehensive income attributable to :						
Owners of the parent	(1,159)	(1,003)	(0.16)	(1,159)	(1,003)	0.16
Minority interest	1,814	1,812	0.00	1,814	1,812	0.00
	<u>655</u>	<u>809</u>	0.19	<u>655</u>	<u>809</u>	0.19
Earning per share attributable to equity holders of the parent						
Basic earning per share (sen)	<u>(0.03)</u>	<u>(0.22)</u>		<u>(0.03)</u>	<u>(0.22)</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 2023 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 31 MARCH 2024
(The figures have not been audited)

	Unaudited 31.3.2024 RM'000	Audited 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,877	39,915
Investment properties	35,018	35,196
Goodwill on consolidation	6,952	6,952
Deferred tax assets	5,197	5,197
	<u>86,044</u>	<u>87,260</u>
Current assets		
Inventories	41	35
Trade and other receivables	42,344	38,484
Contract assets	2,542	2,960
Tax recoverable	981	911
Other current financial assets	13,086	15,869
Cash and bank balances	31,082	39,037
	<u>90,076</u>	<u>97,296</u>
TOTAL ASSETS	<u>176,120</u>	<u>184,556</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	65,970	65,970
Treasury shares	(364)	(364)
Other reserves	(3,982)	(3,041)
Accumulated losses	(15,057)	(14,839)
	<u>46,567</u>	<u>47,726</u>
Non-controlling interest	34,257	32,443
Total equity	<u>80,824</u>	<u>80,169</u>
Non-current liabilities		
Retirement benefit obligation	1,822	1,778
Deferred tax liabilities	2,541	2,541
Lease obligations	294	565
Borrowings	179	201
	<u>4,836</u>	<u>5,085</u>
Current liabilities		
Trade and other payables	25,492	36,093
Contract liabilities	769	1,050
Lease obligations	596	596
Borrowings	61,229	58,684
Income tax payable	2,374	2,879
	<u>90,460</u>	<u>99,302</u>
Total Liabilities	<u>95,296</u>	<u>104,387</u>
TOTAL EQUITY AND LIABILITIES	<u>176,120</u>	<u>184,556</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.07</u>	<u>0.07</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 2023 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 FIRST QUARTER ENDED 31 MARCH 2024
(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	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000		
At 1 January 2023	65,970	(364)	(2,119)	(11,257)	52,230	31,495	83,725
Total comprehensive loss for the period	-	-	412	(1,415)	(1,003)	1,812	809
At 31 March 2023	65,970	(364)	(1,707)	(12,672)	51,227	33,307	84,534
At 1 January 2024	65,970	(364)	(3,041)	(14,839)	47,726	32,443	80,169
Total comprehensive income for the period	-	-	(941)	(218)	(1,159)	1,814	655
At 31 March 2024	65,970	(364)	(3,982)	(15,057)	46,567	34,257	80,824

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 2023.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)

	Cumulative Current Year To Date 31.3.2024 RM'000	Cumulative Corresponding Period 31.3.2023 RM'000
Cash flows from operating activities		
Profit before tax	2,590	1,291
Adjustments for :		
Depreciation of property, plant and equipment	1,462	1,639
Amortisation of investment properties	179	179
Provision for retirement benefit obligations	44	21
Gain on disposal of property, plant and equipment	(26)	(214)
Impairment of trade receivables	-	114
Unrealised foreign exchange (gain)/loss, net	(494)	89
Finance cost	884	693
Profit income from deposits	(140)	(170)
Operating profit before working capital changes	<u>4,499</u>	<u>3,642</u>
Working capital changes :		
(Increase)/decrease in inventories	(6)	(141)
(Increase)/decrease in receivables	(3,442)	4,714
Increase/(decrease) in payables	<u>(3,182)</u>	<u>3,431</u>
Cash generated from operations	<u>(2,131)</u>	<u>11,646</u>
Taxation paid	<u>(1,570)</u>	<u>(965)</u>
Net cash generated from operating activities	<u>(3,701)</u>	<u>10,681</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	26	249
Net withdrawal/(placement) of unit trust	2,798	941
Purchase of property plant and equipment	(424)	(1,162)
Profits received from deposits	125	136
Net cash flow on acquisition of a subsidiary	(8,387)	-
Placement of deposits pledged	<u>(9)</u>	<u>(39)</u>
Net cash generated from/(used in) investing activities	<u>(5,871)</u>	<u>125</u>
Cash flows from financing activity		
Net (repayment)/drawdown of borrowings	4,025	(3,404)
Dividend paid	-	-
Dividend paid to non-controlling interest	-	-
Financing cost paid	(884)	(693)
Lease payment	<u>(31)</u>	<u>(31)</u>
Net cash (used in)/generated from financing activity	<u>3,110</u>	<u>(4,128)</u>
Net increase in cash and cash equivalents	<u>(6,462)</u>	<u>6,678</u>
Cash and cash equivalents at 1 January 2024/2023	<u>9,868</u>	<u>1,697</u>
Cash and cash equivalents at 31 March 2024/2023	<u><u>3,406</u></u>	<u><u>8,375</u></u>
Cash and cash equivalents :		
Cash and bank balances	31,082	37,865
Overdraft	<u>(16,194)</u>	<u>(18,309)</u>
	14,888	19,556
Less: Restricted deposits	<u>(11,482)</u>	<u>(11,181)</u>
	<u><u>3,406</u></u>	<u><u>8,375</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 2023 and the accompanying explanatory notes attached to the financial statements.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE FIRST QUARTER ENDED 31 MARCH 2024
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 27 May 2024.

A2. Basis of preparation

The consolidated condensed interim financial information for the period ended 31 March 2024 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 2023, 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 2024

The Group has adopted the following Amendments to MFRSs mandatory for annual periods beginning on or after 1 January 2024.

	Effective for annual period beginning on or after
Amendments to MFRS 16 Leases: Lease Liability in a Sale 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 107 Statement of Cashflows and MFRS 7 Financial Instruments Disclosure: Supplier Finance Arrangements	1 January 2024

The adoption of the above pronouncements 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 Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

	Effective for annual period beginning on or after
MFRSs and amendments to MFRSs	
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
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 2023.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE FIRST QUARTER ENDED 31 MARCH 2024
SELECTED EXPLANATORY NOTES

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.

A5. Changes in composition of the Group

No changes in composition of the Group for the quarter ended 31 March 2024.

A6. Segment information

<u>31 March 2024</u>	Environmental Monitoring, Consultancy & Services	Lab Testing Services	Others*	Elimination	Cumulative Quarter Year To Date 31.3.2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue					
External revenue	7,146	15,507	409	-	23,062
Inter- segment revenue	-	-	421	(421)	-
Total revenue	<u>7,146</u>	<u>15,507</u>	<u>830</u>	<u>(421)</u>	<u>23,062</u>
Segment Results					
Segment profit/(loss)					
from operations	(909)	5,384	(432)	(569)	3,474
Finance cost	(865)	(6)	(575)	562	(884)
Income tax expense	(1)	(993)	-	-	(994)
Loss net of tax					<u>1,596</u>
Non-controlling interest					<u>(1,814)</u>
Net loss for the period					<u>(218)</u>

PROGRESSIVE IMPACT CORPORATION BERHAD
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FOR THE FIRST QUARTER ENDED 31 MARCH 2024
SELECTED EXPLANATORY NOTES

A6. Segment information (cont'd)

<u>31 March 2023</u>	Environmental Monitoring, Consultancy & Lab Testing			Cumulative Quarter Year To Date	
	<u>Services</u>	<u>Services</u>	<u>Others*</u>	<u>Elimination</u>	<u>31.3.2023</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue					
External revenue	6,723	13,322	486	-	20,531
Inter- segment revenue	-	8	326	(334)	-
Total revenue	<u>6,723</u>	<u>13,330</u>	<u>812</u>	<u>(334)</u>	<u>20,531</u>
Segment Results					
Segment profit/(loss) from operations	(2,453)	5,038	(135)	(466)	1,984
Financing cost	(602)	-	(557)	466	(693)
Income tax expense	-	(894)	-	-	(894)
Profit net of tax					<u>397</u>
Non-controlling interest					<u>(1,812)</u>
Net loss for the period					<u><u>(1,415)</u></u>

* 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 environmental monitoring, consultancy and services and lab testing services segments.

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

A7. Seasonality or cyclical

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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging:				
Zakat	160	125	160	125

A9. Income tax expense

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Tax expense :				
- Malaysia Income Tax	861	763	861	763
- Foreign Tax	133	131	133	131
- Deferred Tax	-	-	-	-
	<u>994</u>	<u>894</u>	<u>994</u>	<u>894</u>
Effective tax rate			38%	69%

The effective tax rate for 2024 and 2023 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. 199001011782)

FOR THE FIRST QUARTER ENDED 31 MARCH 2024
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	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Profit for the period (RM'000)	(218)	(1,415)	(218)	(1,415)
Number of ordinary shares of RM0.10 each in issue ('000)	655,631	655,631	655,631	655,631
Basic Earnings Per Share (sen)	(0.03)	(0.22)	(0.03)	(0.22)

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

	31.3.2024 RM'000	31.12.2023 RM'000
Short term borrowings		
Hire purchase	89	90
Overdraft	16,194	17,696
Revolving Credit	24,951	23,796
Term loan	18,609	15,761
Trust receipt	1,386	1,341
	<u>61,229</u>	<u>58,684</u>
Long term borrowings		
Hire purchase	179	201
	<u>179</u>	<u>201</u>
Total borrowings	<u>61,408</u>	<u>58,885</u>

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

A13. Trade receivables

	31.3.2024 RM'000	31.12.2023 RM'000
Trade and Other receivable	42,344	38,484

A14. Dividends

No dividend declared or paid during current quarter.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE FIRST QUARTER ENDED 31 MARCH 2024
SELECTED EXPLANATORY NOTES

A15. Commitments

	31.3.2024	31.12.2023
	RM'000	RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	130	996
	<u>130</u>	<u>996</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 period ended 31 March 2024.

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 2024.

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

Share buybacks/ Treasury shares of the Company

	31.3.2024	31.12.2023
	RM'000	RM'000
As at 1 January	364	364
Share buyback	-	-
As at 31 March/December	<u>364</u>	<u>364</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 31.3.2024 RM'000	Preceding Year Corresponding Period 31.3.2023 RM'000	Changes Amount RM'000	Changes +/(-)
Revenue				
Environmental monitoring, consultancy & services	7,146	6,723	423	0.06
Lab testing services	15,507	13,330	2,177	0.16
Corporate holding and Elimination	409	478	(69)	(0.14)
	23,062	20,531	2,531	0.12
Segment results				
Environmental monitoring, consultancy & services	(909)	(2,453)	1,544	0.63
Lab testing services	5,384	5,038	346	0.07
Corporate holding and Elimination	(1,001)	(601)	(400)	(0.67)
Profit from operations	3,474	1,984	1,490	0.75
Finance charges	(884)	(693)	(191)	(0.28)
Profit before tax	2,590	1,291	1,299	1.01
Tax expense	(994)	(894)	(100)	(0.11)
Profit/(Loss) net of tax	1,596	397	1,199	(3.02)
Non controlling interest	(1,814)	(1,812)	(2)	(0.00)
Loss attributable to owners of the Company	(218)	(1,415)	1,197	0.85

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 higher revenue by RM2.5 million as compared to the preceding year corresponding quarter as a result of higher revenue recorded by both the environmental monitoring, consultancy and services and the lab testing services segments. Accordingly, the Group's profit from operations increased by RM1.5 million as a result of higher gross profit recorded in the current financial period.

FOR THE FIRST QUARTER ENDED 31 MARCH 2024
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 31% from the total Group revenue in the current quarter, a slight decreased by 2% from the preceding year corresponding quarter's contribution.

The segment revenue however, has increased by RM0.4 million or 6% as compared to the preceding year corresponding quarter due to higher revenue generated by the Saudi operation. The segment reported lower loss from operations by RM1.5 million or 63% due to higher gross profit and significant increase in the gross margin in both the Malaysia and Saudi operations.

b) **Lab testing services**

Lab testing services segment contributed 67% of the total Group revenue, a slight increased by 2% from the preceding year corresponding quarter revenue contribution.

The segment's revenue increased by RM2.2 million or 16% from the preceding year corresponding quarter revenue contributed by higher revenue from the Malaysia operation. The segment's profit from operations was higher by RM0.3 million or 7% compared to the preceding year corresponding quarter as a results of higher revenue recorded by the Malaysia operation.

Our position has improved significantly by RM1.2 million or 85%, from loss of RM1.4 million in the preceding year corresponding quarter to lower loss of RM0.2 million in the current quarter, mainly due to higher revenue and higher gross margin. We will strive to further improve by implementing our revenue growth strategies such as promoting our newly launch water treatment solutions, newly acquired agrochemical lab services, cost optimization vis-a-vis margin improvement. Hence, we anticipate our position will be further enhanced in the following quarter.

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 31.3.2024 RM'000	Preceding Quarter 31.12.2023 RM'000		
Revenue				
Environmental monitoring, consultancy & services	7,146	7,882	(736)	(0.09)
Lab testing services	15,507	17,726	(2,219)	(0.13)
Corporate holding and Elimination	409	432	(23)	(0.05)
	<u>23,062</u>	<u>26,040</u>	<u>(2,978)</u>	<u>(0.11)</u>
Segment results				
Environmental monitoring, consultancy & services	(909)	627	(1,536)	2.45
Lab testing services	5,384	4,507	877	0.19
Corporate holding and Elimination	(1,001)	(458)	(543)	1.19
Profit from operations	<u>3,474</u>	<u>4,676</u>	<u>(1,202)</u>	<u>(0.26)</u>
Finance charges	(884)	(2,018)	1,134	0.56
Profit before tax	<u>2,590</u>	<u>2,658</u>	<u>(68)</u>	<u>(0.03)</u>
Tax Expense	(994)	(2,205)	1,211	0.55
Profit net of tax	<u>1,596</u>	<u>453</u>	<u>1,143</u>	<u>2.52</u>
Non Controlling interest	(1,814)	(1,089)	(725)	(0.67)
Loss attributable to owners of the company	<u>(218)</u>	<u>(636)</u>	<u>418</u>	<u>0.66</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:

The Group's revenue has decreased by RM2.9 million as compared to the preceding quarter ended 31 December 2023 contributed by lower revenue recorded by all the segments mainly the lab testing services segment. The Group's profit from operations reduced by RM1.2 million from the preceding quarter as a results of losses reported by the environmental monitoring, consultancy & services segment in the current quarter.

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

a) Environmental monitoring, consultancy & services

Environmental monitoring, consultancy and services segment reported lower revenue by RM0.7 million contributed by lower revenue recorded by the Malaysia operations. Subsequently, the segment reported lower profit from operations by RM1.5 million as compared to preceding quarter ended 31 December 2023 contributed by lower gross profit recorded by the Malaysia operation and higher OPEX recorded by both the Malaysia and Saudi operations in the current quarter.

b) Lab testing services

Lab testing services segment reported a lower revenue for the quarter contributed by both the Malaysia and Indonesia operations. The segment's profit from operations however, is higher as compared to the preceding quarter ended 31 December 2023 as a results of lower OPEX recorded by both the Malaysia and Indonesia operations in the current quarter.

B3. Commentary on prospects

Based on the World Economic Outlook (WEO) report by International Monetary Fund (IMF) in April 2024, the global growth, estimated at 3.2% in 2023, is projected to continue at the same pace in 2024 and 2025. The pace of expansion is low by historical standards, owing to both near-term factors, such as still-high borrowing costs and withdrawal of fiscal support, and longer-term effects from the COVID-19 pandemic and Russia's invasion of Ukraine. Global headline inflation is expected to fall from an annual average of 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies. GDP projections for Asean (including Malaysia) are 5.2% and 3.1% for 2024 and 2025 respectively.

The Malaysian economy is projected to grow between 4.0% to 5.0% in 2024, underpinned by continued expansion in domestic demand and improvement in external demand: Growth will be driven by resilient domestic expenditure, with additional support from the expected recovery in exports. Headline inflation is expected to average between 2.0% and 3.5% in 2024 and expected to remain moderate amid contained cost pressures from easing global supply conditions.

PICORP's turnaround strategy has shown positive results in 2024. As a result, our loss position has improved significantly by 85% as compared to same period last year.

We will strive to further improve by implementing our revenue growth strategies such as promoting our newly launch water treatment solutions, newly acquired agrochemical lab services and cost optimization vis-a-vis margin improvement initiatives. Hence, we anticipate our position will be further enhanced in the following quarters.

We foresee that our position will be further improved in the following year barring any unforeseen circumstances.

B4. Profit forecast or profit guarantee

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

PROGRESSIVE IMPACT CORPORATION BERHAD
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B5. Corporate proposals

There were no corporate proposal issued by the group for quarter ended 31 March 2024.

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 2024.

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 quarter.

B9. Dividend

The Company does not recommend any payment of dividend in respect of the financial year ended 31 December 2023.

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2023 was not qualified.

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

Shah Alam