

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30.6.2024 RM'000	Preceding year Corresponding Quarter 30.6.2023 RM'000	+ / (-)	Current Year To Date 30.6.2024 RM'000	Preceding year Corresponding Period 30.6.2023 RM'000	+ / (-)
Revenue	24,799	22,022	0.13	47,861	42,553	0.12
Cost of sales	(10,109)	(10,372)		(18,396)	(18,612)	
Gross profit	14,690	11,650	0.26	29,465	23,941	0.23
Profit income	119	193		259	363	
Other income	253	2,892		1,107	3,654	
Staff costs	(7,510)	(6,371)		(14,953)	(12,693)	
Depreciation and amortisation	(1,685)	(1,839)		(3,326)	(3,657)	
Other operating expenses	(3,011)	(3,738)		(6,222)	(6,837)	
Profit from operations	2,856	2,787	0.02	6,330	4,771	0.33
Finance costs	(2,068)	(1,564)		(2,952)	(2,257)	
Profit before tax	788	1,223	(0.36)	3,378	2,514	0.34
Income tax expense	(1,140)	52		(2,134)	(842)	
Profit/(Loss) net of tax	(352)	1,275	(1.28)	1,244	1,672	(0.26)
Other comprehensive income:						
Foreign currency translation	(576)	(720)		(1,517)	(308)	
Total comprehensive income/(loss) for the period	(928)	555	(2.67)	(273)	1,364	(1.20)
Net Profit/(Loss) attributable to:						
Owners of the parent	(1,999)	(372)	(4.37)	(2,217)	(1,787)	(0.24)
Minority interest	1,647	1,647	-	3,461	3,459	0.00
	(352)	1,275	(1.28)	1,244	1,672	(0.26)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2024
(The figures have not been audited)
(CONT'D.)

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30.6.2024 RM'000	Preceding year Corresponding Quarter 30.6.2023 RM'000	+ / (-)	Current Year To Date 30.6.2024 RM'000	Preceding year Corresponding Period 30.6.2023 RM'000	+ / (-)
Total comprehensive income/(loss) attributable to :						
Owners of the parent	(2,575)	(1,092)	(1.36)	(3,734)	(2,095)	(0.78)
Minority interest	1,647	1,647	-	3,461	3,459	0.00
	<u>(928)</u>	<u>555</u>	(2.67)	<u>(273)</u>	<u>1,364</u>	(1.20)
Earning per share attributable to equity holders of the parent						
Basic earning per share (sen)	<u>(0.30)</u>	<u>(0.06)</u>		<u>(0.34)</u>	<u>(0.27)</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 30 JUNE 2024
(The figures have not been audited)

	Unaudited 30.6.2024 RM'000	Audited 31.12.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,780	39,915
Investment properties	34,839	35,196
Goodwill on consolidation	6,952	6,952
Deferred tax assets	5,197	5,197
	<u>85,768</u>	<u>87,260</u>
Current assets		
Inventories	35	35
Trade and other receivables	44,175	38,484
Contract assets	1,807	2,960
Tax recoverable	1,033	911
Other current financial assets	5,346	15,869
Cash and bank balances	37,937	39,037
	<u>90,333</u>	<u>97,296</u>
TOTAL ASSETS	<u>176,101</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	(4,558)	(3,041)
Accumulated losses	(17,056)	(14,839)
	<u>43,992</u>	<u>47,726</u>
Non-controlling interest	33,444	32,443
Total equity	<u>77,436</u>	<u>80,169</u>
Non-current liabilities		
Retirement benefit obligation	1,932	1,778
Deferred tax liabilities	2,541	2,541
Lease obligations	565	565
Borrowings	366	201
	<u>5,404</u>	<u>5,085</u>
Current liabilities		
Trade and other payables	29,774	36,093
Contract liabilities	667	1,050
Lease obligations	425	596
Borrowings	59,154	58,684
Income tax payable	3,241	2,879
	<u>93,261</u>	<u>99,302</u>
Total Liabilities	<u>98,665</u>	<u>104,387</u>
TOTAL EQUITY AND LIABILITIES	<u>176,101</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 SECOND QUARTER ENDED 30 JUNE 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 income/ (loss) 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
At 1 January 2024	65,970	(364)	(3,041)	(14,839)	47,726	32,443	80,169
Total comprehensive income/ (loss) for the period	-	-	(1,517)	(2,217)	(3,734)	3,461	(273)
Dividends payable to non-controlling interest	-	-	-	-	-	(2,460)	(2,460)
At 30 June 2024	65,970	(364)	(4,558)	(17,056)	43,992	33,444	77,436

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 SECOND QUARTER ENDED 30 JUNE 2024
(The figures have not been audited)

	Cumulative Current Year To Date 30.6.2024 RM'000	Cumulative Corresponding Period 30.6.2023 RM'000
Cash flows from operating activities		
Profit before tax	3,378	2,514
Adjustments for :		
Depreciation of property, plant and equipment	2,969	3,299
Amortisation of investment properties	357	357
Provision for retirement benefit obligations	249	249
Gain on disposal of property, plant and equipment	(45)	(218)
Impairment/(reversal of impairment) of trade receivables	(8)	1,407
Fair value gain on other current financial assets	(17)	-
Unrealised foreign exchange (gain)/loss, net	(455)	(2,489)
Finance cost	2,952	2,257
Profit income from deposits	(242)	(363)
Operating profit before working capital changes	<u>9,138</u>	<u>7,013</u>
Working capital changes :		
(Increase)/decrease in inventories	-	(345)
(Increase)/decrease in receivables	(4,528)	2,590
Increase in payables	513	2,699
Cash generated from operations	<u>5,123</u>	<u>11,957</u>
Retirement benefit obligation paid	(95)	-
Taxation paid	(1,895)	(1,604)
Net cash generated from operating activities	<u>3,133</u>	<u>10,353</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	725	249
Net withdrawal/(placement) of unit trust	10,541	(736)
Purchase of property plant and equipment	(2,514)	(2,721)
Profits received from deposits	242	289
Net cash flow on acquisition of a subsidiary	(8,387)	-
Placement of deposits pledged	(48)	(136)
Net cash generated from/(used in) investing activities	<u>559</u>	<u>(3,055)</u>
Cash flows from financing activity		
Net drawdown/(repayment) of borrowings	2,078	(2,252)
Dividend paid to non-controlling interest	(2,460)	-
Financing cost paid	(2,952)	(2,257)
Lease payment	(62)	(31)
Net cash used in financing activity	<u>(3,396)</u>	<u>(4,540)</u>
Net increase in cash and cash equivalents	296	2,758
Cash and cash equivalents at 1 January 2024/2023	<u>9,868</u>	<u>1,697</u>
Cash and cash equivalents at 30 June 2024/2023	<u>10,164</u>	<u>4,455</u>
Cash and cash equivalents :		
Cash and bank balances	37,937	31,479
Overdraft	(16,252)	(15,745)
	<u>21,685</u>	<u>15,734</u>
Less: Restricted deposits	(11,521)	(11,279)
	<u>10,164</u>	<u>4,455</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 SECOND QUARTER ENDED 30 JUNE 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 26 August 2024.

A2. Basis of preparation

The consolidated condensed interim financial information for the period ended 30 June 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 SECOND QUARTER ENDED 30 JUNE 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 30 June 2024.

A6. Segment information

<u>30 June 2024</u>	Environmental Monitoring, Consultancy & Services	Lab Testing Services	Others*	Elimination	Cumulative Quarter Year To Date 30.6.2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue					
External revenue	15,085	31,809	967	-	47,861
Inter- segment revenue	-	-	4,208	(4,208)	-
Total revenue	<u>15,085</u>	<u>31,809</u>	<u>5,175</u>	<u>(4,208)</u>	<u>47,861</u>
Segment Results					
Segment profit/(loss) from operations	(1,982)	10,466	2,605	(4,759)	6,330
Finance cost	(2,909)	(11)	(1,156)	1,124	(2,952)
Income tax expense	(1)	(2,133)	-	-	(2,134)
Profit net of tax					<u>1,244</u>
Non-controlling interest					(3,461)
Net loss for the period					<u>(2,217)</u>

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 2024
SELECTED EXPLANATORY NOTES

A6. Segment information (cont'd)

<u>30 June 2023</u>	Environmental Monitoring, Consultancy & Services			Lab Testing Services	Others*	Elimination	Cumulative Quarter Year To Date 30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue							
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)		
Profit net of tax					1,672		
Non-controlling interest					(3,459)		
Net loss for the period					(1,787)		

* 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 3 months ended		Cumulative quarter 6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging:				
Zakat	240	140	400	265

A9. Income tax expense

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Tax expense :				
- Malaysia Income Tax	1,071	784	1,932	1,547
- Foreign Tax	69	173	202	304
- Deferred Tax	-	(1,009)	-	(1,009)
	1,140	(52)	2,134	842
Effective tax rate			63%	33%

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 SECOND QUARTER ENDED 30 JUNE 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 6 months ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
Profit for the period (RM'000)	(1,999)	(372)	(2,217)	(1,787)
Number of ordinary shares of RM0.10 each in issue ('000)	655,631	655,631	655,631	655,631
Basic Earnings Per Share (sen)	(0.30)	(0.06)	(0.34)	(0.27)

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

	30.6.2024 RM'000	31.12.2023 RM'000
Short term borrowings		
Hire purchase	111	90
Overdraft	16,252	17,696
Revolving Credit	23,301	23,796
Term loan	18,543	15,761
Trust receipt	947	1,341
	<u>59,154</u>	<u>58,684</u>
Long term borrowings		
Hire purchase	366	201
	<u>366</u>	<u>201</u>
Total borrowings	<u>59,520</u>	<u>58,885</u>

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

A13. Trade receivables

	30.6.2024 RM'000	31.12.2023 RM'000
Trade and Other receivable	44,175	38,484

A14. Dividends

No dividend declared or paid during current quarter.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 2024
SELECTED EXPLANATORY NOTES

A15. Commitments

	30.6.2024	31.12.2023
	RM'000	RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	272	996
	<u>272</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 30 June 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 30 June 2024.

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

Share buybacks/ Treasury shares of the Company

	30.6.2024	31.12.2023
	RM'000	RM'000
As at 1 January	364	364
Share buyback	-	-
As at 30 June/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 30.6.2024 RM'000	Preceding Year Corresponding Period 30.6.2023 RM'000	Changes Amount RM'000	Changes +/(-)
<u>Revenue</u>				
Environmental monitoring, consultancy & services	15,085	14,561	524	0.04
Lab testing services	31,809	26,941	4,868	0.18
Corporate holding and Elimination	967	1,051	(84)	(0.08)
	<u>47,861</u>	<u>42,553</u>	5,308	0.12
<u>Segment results</u>				
Environmental monitoring, consultancy & services	(1,982)	(3,826)	1,844	0.48
Lab testing services	10,466	10,055	411	0.04
Corporate holding and Elimination	(2,154)	(1,458)	(696)	(0.48)
Profit from operations	<u>6,330</u>	<u>4,771</u>	1,559	0.33
Finance charges	<u>(2,952)</u>	<u>(2,257)</u>	(695)	(0.31)
Profit before tax	3,378	2,514	864	0.34
Tax expense	<u>(2,134)</u>	<u>(842)</u>	(1,292)	(1.53)
Profit net of tax	1,244	1,672	(428)	(0.26)
Non controlling interest	<u>(3,461)</u>	<u>(3,459)</u>	(2)	(0.00)
Loss attributable to owners of the Company	<u><u>(2,217)</u></u>	<u><u>(1,787)</u></u>	(430)	(0.24)

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 RM5.3 million as compared to the preceding year corresponding period 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 RM1.6 million as a result of higher gross profit recorded in the current financial period.

FOR THE SECOND QUARTER ENDED 30 JUNE 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 32% from the total Group revenue in the current period, a slight decreased by 2% from the preceding year corresponding period's contribution.

The segment's revenue however, has slightly increased by RM0.5 million or 4% as compared to the preceding year corresponding period contributed by higher revenue generated by the Saudi operation. The segment reported lower loss from operations by RM1.8 million or 48% 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 66% of the total Group revenue, a slight increased by 3% from the preceding year corresponding period's revenue contribution of 63%.

The segment's revenue increased by RM4.9 million or 18% from the preceding year corresponding period revenue, contributed by higher revenue from Malaysia operation. The segment's profit from operations was slightly higher by RM0.4 million or 4% compared to the preceding year corresponding period as a result of higher revenue recorded by the Malaysia operation.

In the current period, our PBT has risen by 34%, increasing from RM2.514 mil to RM3.378 mil compared to the same period last year. However, after accounting for taxation, our overall position has declined by 26% or RM0.428 mil. To address this, we are implementing several revenue growth strategies, including the promotion of our newly launched water treatment solutions and agrochemical lab services, along with initiatives focused on cost optimization and margin improvement. We anticipate these efforts will enhance our position in the coming quarters.

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 30.6.2024 RM'000	Preceding Quarter 31.3.2024 RM'000		
Revenue				
Environmental monitoring, consultancy & services	7,939	7,146	793	0.11
Lab testing services	16,302	15,507	795	0.05
Corporate holding and Elimination	558	409	149	0.36
	<u>24,799</u>	<u>23,062</u>	<u>1,737</u>	<u>0.08</u>
Segment results				
Environmental monitoring, consultancy & services	(1,073)	(909)	(164)	(0.18)
Lab testing services	5,082	5,384	(302)	(0.06)
Corporate holding and Elimination	(1,153)	(1,001)	(152)	(0.15)
Profit from operations	<u>2,856</u>	<u>3,474</u>	<u>(618)</u>	<u>(0.18)</u>
Finance charges	<u>(2,068)</u>	<u>(884)</u>	<u>(1,184)</u>	<u>(1.34)</u>
Profit before tax	788	2,590	(1,802)	(0.70)
Tax Expense	<u>(1,140)</u>	<u>(994)</u>	<u>(146)</u>	<u>(0.15)</u>
(Loss)/Profit net of tax	<u>(352)</u>	<u>1,596</u>	<u>(1,948)</u>	<u>(1.22)</u>
Non Controlling interest	<u>(1,647)</u>	<u>(1,814)</u>	<u>167</u>	<u>0.09</u>
Loss attributable to owners of the company	<u><u>(1,999)</u></u>	<u><u>(218)</u></u>	<u><u>(1,781)</u></u>	<u><u>(8.17)</u></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 increased by RM1.7 million as compared to the preceding quarter ended 31 March 2024, contributed by higher revenue recorded by all the segments. The Group's profit from operations however, has decreased by RM0.6 million from the preceding quarter as a results of higher losses reported by the environmental monitoring, consultancy & services segment and lower profit reported by the lab testing 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 higher revenue by RM0.8 million contributed by higher revenue recorded by both the Malaysia and Saudi operations. The segment reported higher loss from operations by RM0.2 million as compared to the preceding quarter ended 31 March 2024, due to lower other income reported by the Saudi operation in the current quarter.

b) Lab testing services

Lab testing services segment reported higher revenue by RM0.8 million in the current quarter as compared to the preceding quarter, contributed by higher revenue from the Malaysia operation. The segment's profit from operations however, was lower by RM0.3 million as compared to the preceding quarter ended 31 March 2024 as a results of higher OPEX recorded by the Malaysia operation in the current quarter.

B3. Commentary on prospects

According to the IMF's latest World Economic Outlook report, global economic growth is expected to remain stable at 3.2% in 2024 and 3.3% in 2025. Global activity and world trade firmed up at the turn of the year, with trade spurred by strong exports from Asia, particularly in the technology sector, although downside surprises in Japan and the United States were notable. In contrast, shoots of economic recovery materialized in Europe, led by an improvement in services activity whilst in China, resurgent domestic consumption propelled the positive upside in the first quarter.

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.

PICORP's turnaround strategy has yielded positive results in 2024. In the first half of the year, the revenue has risen by 12% to RM47.9 million from RM42.5 million than that of last year, while the profit before tax has increased by 34% to RM3.4 million from RM2.5 million in the same period last year.

To drive substantial growth and enhance our financial performance, we are aggressively pursuing key revenue strategies, including the promotion of our innovative water treatment solutions and newly acquired agrochemical lab services and capitalising on new opportunities both in Environmental Monitoring Consultancy & Services (EMCS) and Lab Testing Services (LTS) segments in Malaysia, Indonesia and Saudi Arabia. Our comprehensive cost optimization plan involves renegotiating supplier contracts, manpower optimization and streamlining operations to drive cost reductions.

Hence, we foresee that our position will be further enhanced in the following quarter barring any unforeseen circumstances.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 2024
SELECTED EXPLANATORY NOTES

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 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 30 June 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