

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

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

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30.9.2023 RM'000	Preceding year Corresponding Quarter 30.9.2022 RM'000	+ / (-)	Current Year To Date 30.9.2023 RM'000	Preceding year Corresponding Period 30.9.2022 RM'000	+ / (-)
Revenue	23,443	23,671	(0.01)	65,996	66,105	(0.00)
Cost of sales	(10,256)	(11,616)		(28,868)	(31,470)	
Gross profit	13,187	12,055	0.09	37,128	34,635	0.07
Profit income	201	160		564	457	
Other income	691	647		4,345	4,791	
Staff costs	(6,229)	(5,885)		(18,922)	(18,901)	
Depreciation and amortisation	(1,863)	(2,027)		(5,520)	(5,998)	
Other operating expenses	(4,151)	(3,198)		(10,988)	(10,502)	
Profit from operations	1,836	1,752	0.05	6,607	4,482	0.47
Finance costs	(677)	(1,025)		(2,934)	(2,635)	
Profit before tax	1,159	727	0.59	3,673	1,847	0.99
Income tax expense	(679)	(669)		(1,521)	(2,018)	
Profit/(Loss) net of tax	480	58	(7.28)	2,152	(171)	13.58
Other comprehensive income:						
Foreign currency translation	(648)	(1,004)		(956)	(2,576)	
Total comprehensive income for the period	(168)	(946)	0.82	1,196	(2,747)	1.44
Net Profit/(Loss) attributable to:						
Owners of the parent	(1,159)	(1,636)	(0.29)	(2,946)	(5,118)	(0.42)
Minority interest	1,639	1,694	(0.03)	5,098	4,947	0.03
	480	58	(7.28)	2,152	(171)	13.58

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
(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	+ / (-)
	30.9.2023 RM'000	30.9.2022 RM'000		30.9.2023 RM'000	30.9.2022 RM'000	
Total comprehensive income attributable to :						
Owners of the parent	(1,807)	(2,640)	0.32	(3,902)	(7,694)	(0.49)
Minority interest	1,639	1,694	(0.03)	5,098	4,947	0.03
	<u>(168)</u>	<u>(946)</u>	0.82	<u>1,196</u>	<u>(2,747)</u>	1.44
Earning per share attributable to equity holders of the parent						
Basic earning per share (sen)	<u>(0.18)</u>	<u>(0.25)</u>		<u>(0.45)</u>	<u>(0.78)</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 SEPTEMBER 2023
(The figures have not been audited)

	Unaudited 30.9.2023 RM'000	Audited 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	39,309	39,729
Investment properties	35,375	35,911
Goodwill on consolidation	6,316	861
Deferred tax assets	5,855	4,512
	<u>86,855</u>	<u>81,013</u>
Current assets		
Inventories	176	57
Trade and other receivables	38,221	42,865
Contract assets	2,292	985
Tax recoverable	898	857
Other current financial assets	20,067	18,715
Cash and bank balances	34,497	31,249
	<u>96,151</u>	<u>94,728</u>
TOTAL ASSETS	<u>183,006</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	(3,075)	(2,119)
Accumulated losses	(14,203)	(11,257)
	<u>48,328</u>	<u>52,230</u>
Non-controlling interest	34,133	31,495
Total equity	<u>82,461</u>	<u>83,725</u>
Non-current liabilities		
Retirement benefit obligation	1,769	1,745
Deferred tax liabilities	3,735	3,786
Lease obligations	1,257	102
Borrowings	293	293
	<u>7,054</u>	<u>5,926</u>
Current liabilities		
Trade and other payables	34,323	26,542
Lease obligations	341	98
Borrowings	57,027	58,118
Income tax payable	1,800	1,332
	<u>93,491</u>	<u>86,090</u>
Total Liabilities	<u>100,545</u>	<u>92,016</u>
TOTAL EQUITY AND LIABILITIES	<u>183,006</u>	<u>175,741</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.07</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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	(2,576)	(5,118)	(7,694)	4,947	(2,747)	
Dividends paid	-	-	-	(1,966)	(1,966)	-	(1,966)	
Dividends payable to non-controlling interest	-	-	-	-	-	(2,460)	(2,460)	
At 30 September 2022	65,970	(364)	(3,339)	(6,639)	55,628	33,698	89,326	
At 1 January 2023	65,970	(364)	(2,119)	(11,257)	52,230	31,495	83,725	
Total comprehensive income for the period	-	-	(956)	(2,946)	(3,902)	5,098	1,196	
Dividends payable to non-controlling interest	-	-	-	-	-	(2,460)	(2,460)	
At 30 September 2023	65,970	(364)	(3,075)	(14,203)	48,328	34,133	82,461	

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 THIRD QUARTER ENDED 30 SEPTEMBER 2023
(The figures have not been audited)

	Cumulative Current Year To Date 30.9.2023 RM'000	Cumulative Corresponding Period 30.9.2022 RM'000
Cash flows from operating activities		
Profit before tax	3,673	1,847
Adjustments for :		
Depreciation and amortisation	5,520	5,998
Provision for retirement benefit obligations	24	-
Gain on disposal of property, plant and equipment	(1,199)	-
Impairment of trade receivables	1,924	1,157
Net foreign exchange loss/(gain)	(2,025)	(3,896)
Finance cost	2,934	2,635
Profit income from deposit	(564)	(457)
Operating profit before working capital changes	<u>10,287</u>	<u>7,284</u>
Working capital changes :		
(Increase)/decrease in inventories	(119)	7
(Increase)/decrease in receivables	879	2,596
Increase/(decrease) in payables	4,653	(1,808)
Cash generated from operations	<u>15,700</u>	<u>8,079</u>
Retirement benefit obligation paid	-	-
Taxation paid	(2,395)	(2,788)
Net cash generated from operating activities	<u>13,305</u>	<u>5,291</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	249	-
Net withdrawal/(placement) of unit trust	(1,237)	1,733
Purchase of property plant and equipment	(3,612)	(1,764)
Acquisition of a subsidiary, net of cash acquired	610	-
Profits received from deposits	449	457
Placement of deposits pledged	(169)	(64)
Net cash generated from/(used in) investing activities	<u>(3,710)</u>	<u>362</u>
Cash flows from financing activity		
Net (repayment)/drawdown of borrowings	(923)	3,975
Financing cost paid	(2,965)	(2,635)
Dividend paid	-	(1,966)
Dividend paid to NCI	(2,460)	(2,460)
Net cash (used in)/generated from financing activity	<u>(6,348)</u>	<u>(3,086)</u>
Net increase in cash and cash equivalents	3,247	2,567
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>4,944</u>	<u>5,187</u>
Cash and cash equivalents :		
Cash and bank balances	34,497	32,440
Overdraft	(18,241)	(17,295)
	<u>16,256</u>	<u>15,145</u>
Less: Restricted deposits	(11,312)	(9,958)
	<u>4,944</u>	<u>5,187</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.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 27 November 2023.

A2. Basis of preparation

The consolidated condensed interim financial information for the period ended 30 September 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.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
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

In September 2023, the Group acquired the entire entity interest in ALS Technichem (PG) Sdn Bhd (formerly known as Merieux NutriSciences Malaysia Sdn Bhd), via its subsidiary, ALS Technichem (M) Sdn Bhd for a total consideration of RM7.954 million, consisting the purchase consideration for the equity interest and settlement of inter-company loan of RM5.596 million.

Details of net assets and net cash outflow arising from the acquisition are as follows :

	RM'000
Fair value of net assets acquired excluding borrowings	2,499
Goodwill	5,455
Purchase consideration	7,954
Less : Cash and cash equivalents of subsidiary acquired	(810)
Net cash outflow on acquisition	<u>7,144</u>

The fair value of net assets and goodwill in the above acquisition are provisional and will be adjusted, if necessary, upon completion of the purchase price allocation as allowed under the MFRS 3.

A6. Segment information

	30 September 2023				Cumulative Quarter Year To Date 30.9.2023 RM '000
	Environmental Monitoring, Consultancy & Services	Lab Testing Services	Others*	Elimination	
	RM '000	RM '000	RM '000	RM '000	
External revenue	22,594	42,007	1,395	-	65,996
Inter- segment revenue	260	115	4,609	(4,984)	-
Total revenue	<u>22,854</u>	<u>42,122</u>	<u>6,004</u>	<u>(4,984)</u>	<u>65,996</u>

Segment Results

Segment profit/(loss)					
from operations	(5,947)	14,939	2,695	(5,080)	6,607
Finance cost	(2,763)	(5)	(1,706)	1,540	(2,934)
Income tax expense	1,342	(2,863)	-	-	(1,521)
Loss net of tax					<u>2,152</u>
Non-controlling interest					(5,098)
Net loss for the period					<u>(2,946)</u>

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
SELECTED EXPLANATORY NOTES

A6. Segment information (cont'd)

<u>30 September 2022</u>	Environmental Monitoring, Consultancy & Services			Lab Testing Services	Others*	Elimination	Cumulative Quarter Year To Date 30.9.2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue							
External revenue	22,089	41,758	2,258	-	66,105		
Inter- segment revenue	26	750	3,851	(4,627)	-		
Total revenue	<u>22,115</u>	<u>42,508</u>	<u>6,109</u>	<u>(4,627)</u>	<u>66,105</u>		
Segment Results							
Segment profit/(loss) from operations	(11,008)	15,895	2,531	(2,936)	4,482		
Financing cost	(2,212)	(3)	(1,315)	895	(2,635)		
Income tax expense	1,849	(3,867)	-	-	(2,018)		
Profit net of tax					<u>(171)</u>		
Non-controlling interest					(4,947)		
Net loss for the period					<u>(5,118)</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 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 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 9 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging:				
Zakat	168	101	433	299

A9. Income tax expense

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
	RM'000	RM'000	RM'000	RM'000
Tax expense :				
- Malaysia Income Tax	878	1,005	2,425	3,306
- Foreign Tax	135	135	439	505
- Deferred Tax	(334)	(471)	(1,343)	(1,793)
	<u>679</u>	<u>669</u>	<u>1,521</u>	<u>2,018</u>
Effective tax rate			41%	109%

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.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
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 9 months ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
Profit for the period (RM'000)	(1,159)	(1,636)	(2,946)	(5,118)
Number of ordinary shares of RM0.10 each in issue ('000)	655,631	655,371	655,631	655,371
Basic Earnings Per Share (sen)	(0.18)	(0.25)	(0.45)	(0.78)

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

	30.9.2023 RM'000	31.12.2022 RM'000
Short term borrowings		
Hire purchase	20	798
Overdraft	18,241	18,409
Revolving Credit	23,865	25,673
Term loan	13,637	12,612
Trust receipt	1,264	626
	<u>57,027</u>	<u>58,118</u>
Long term borrowings		
Hire purchase	293	293
	<u>293</u>	<u>293</u>
Total borrowings	<u>57,320</u>	<u>58,411</u>

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

A13. Trade receivables

	30.9.2023 RM'000	31.12.2022 RM'000
Trade and Other receivable	38,221	42,865

A14. Dividends

No dividend declared or paid during current quarter.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023
SELECTED EXPLANATORY NOTES

A15. Commitments

	30.9.2023	31.12.2022
	RM'000	RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	648	410
	<u>648</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 September 2023.

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

Share buybacks/ Treasury shares of the Company

	30.9.2023	31.12.2022
	RM'000	RM'000
As at 1 January	364	364
Share buyback	-	-
As at 30 September/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 30.9.2023 RM'000	Preceding Year Corresponding Period 30.9.2022 RM'000	Changes Amount RM'000	Changes + / (-)
Revenue				
Environmental monitoring, consultancy & services	22,854	22,115	739	0.03
Lab testing services	42,122	42,508	(386)	(0.01)
Corporate holding and Elimination	1,020	1,482	(462)	(0.31)
	<u>65,996</u>	<u>66,105</u>	<u>(109)</u>	<u>(0.00)</u>
Segment results				
Environmental monitoring, consultancy & services	(5,947)	(11,008)	5,061	0.46
Lab testing services	14,939	15,895	(956)	(0.06)
Corporate holding and Elimination	(2,385)	(405)	(1,980)	(4.89)
Profit from operations	<u>6,607</u>	<u>4,482</u>	<u>2,125</u>	<u>0.47</u>
Finance charges	<u>(2,934)</u>	<u>(2,635)</u>	<u>(299)</u>	<u>(0.11)</u>
Profit before tax	3,673	1,847	1,826	0.99
Tax expense	<u>(1,521)</u>	<u>(2,018)</u>	<u>497</u>	<u>0.25</u>
Profit/(Loss) net of tax	2,152	(171)	2,323	13.58
Non controlling interest	<u>(5,098)</u>	<u>(4,947)</u>	<u>(151)</u>	<u>(0.03)</u>
Loss attributable to owners of the Company	<u><u>(2,946)</u></u>	<u><u>(5,118)</u></u>	<u><u>2,172</u></u>	<u><u>0.42</u></u>

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 decrease in revenue by RM0.1 million as compared to the preceding year mainly due to lower revenue recorded by the lab testing services segment and higher inter-company transactions elimination. The Group reported an increased in the profit from operations by RM2.1 million as a result of higher gross profit recorded in the current financial period.

FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 35% from the total Group revenue in the current year, a slight increase of 2% from the preceding year's contribution.

The segment revenue has increased by RM0.7 million or 3% as compared to the preceding year due to higher revenue generated by the Malaysia operation. The segment reported lower loss from operations by RM5.1 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 contributed 64% of the total Group revenue, equivalent to the preceding year contribution.

The segment's revenue decreased by RM0.4 million or 1% from the preceding year revenue due to lower revenue recorded by the Indonesia's operation amounting to RM1.1 million but mitigated by higher revenue contribution by the Malaysia's operation amounting to RM0.6 million. The segment profit from operations was lower by 6% or RM0.95 million as compared to the preceding year due to higher cost recorded by both Malaysia and Indonesia operations and higher operating cost recorded by the Malaysia operation.

Overall, our loss position has improved significantly by 42% as compared to the same period last year mainly due to lower cost 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 final quarter 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 30.9.2023 RM'000	Preceding Quarter 30.6.2023 RM'000		
Revenue				
Environmental monitoring, consultancy & services	8,293	7,838	455	0.06
Lab testing services	15,181	13,619	1,562	0.11
Corporate holding and Elimination	(31)	565	(596)	(1.05)
	<u>23,443</u>	<u>22,022</u>	<u>1,421</u>	<u>0.06</u>
Segment results				
Environmental monitoring, consultancy & services	(2,121)	(1,373)	(748)	(0.54)
Lab testing services	4,884	5,017	(133)	(0.03)
Corporate holding and Elimination	(927)	(857)	(70)	0.08
Profit from operations	<u>1,836</u>	<u>2,787</u>	<u>(951)</u>	<u>(0.34)</u>
Finance charges	(677)	(1,564)	887	0.57
Profit before tax	<u>1,159</u>	<u>1,223</u>	<u>(64)</u>	<u>(0.05)</u>
Tax Expense	(679)	52	(731)	14.06
Profit net of tax	<u>480</u>	<u>1,275</u>	<u>(795)</u>	<u>(0.62)</u>
Non Controlling interest	(1,639)	(1,647)	8	0.00
Loss attributable to owners of the company	<u>(1,159)</u>	<u>(372)</u>	<u>(787)</u>	<u>(2.12)</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 RM1.4 million as compared to the preceding quarter ended 30 June 2023 contributed mainly by higher revenue recorded by the lab testing services segment. The Group's profit from operations however decreases by RM0.9 million from the preceding quarter as a results of higher 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 RM0.5 million contributed by higher revenue recorded by both the Malaysia and Saudi operations. The segment however, recorded higher loss from operations by RM0.7 million as compared to preceding quarter ended 30 June 2023 due to higher cost recorded in the current quarter by both Malaysia and Saudi operations.

b) Lab testing services

Lab testing services segment reported a higher revenue for the quarter contributed by Malaysia operation. The segment's profit from operations is slightly lower as compared to the preceding quarter ended 30 June 2023 as a results of lower revenue recorded by the Indonesia operation in the current quarter.

B3. Commentary on prospects

Based on the World Economic Outlook (WEO) report by International Monetary Fund (IMF) in October 2023*, the global economy is expected to moderate by 3.0% in 2023 and 2.9% in 2024. The economic growth in advanced economies is predicted to soften from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024. Concurrently, emerging market and developing economies (EMDE) are expected to experience modest growth, moving from 4.1% in 2022 to 4.0% in both 2023 and 2024. GDP projections for Malaysia are 4.0% and 4.3% for 2023 and 2024 respectively.

Malaysia's economy is expected to remain resilient despite the escalating uncertainties in the global economic landscape. Malaysia's GDP growth is projected at approximately 4.0% in 2023 and between 4.0% to 5.0% in 2024 as outlined in the Economic Outlook Report 2024 published in October 2023**. Based on quarterly advance GDP estimates***, Malaysia's economy for the third quarter of 2023 grew by 3.3 per cent as compared to 2.9 per cent in the preceding quarter. The performance was attributed to the growth in Services, Construction and Agriculture sectors.

PICORP's turnaround strategy encompasses core sector, i.e Environmental Monitoring Consultancy & Services (EMCS) driving water and wastewater treatment solutions and a new role as environmental monitoring contractor for a major oil company. In Saudi Arabia, leveraging Asma (Saudi) top Integrated Pest Management (IPM) recognition 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 improves via lean management and technological adoption.

As a result, our loss position has improved significantly by 42% as compared to same period last year. We foresee that our loss position will be further improved in the final quarter 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.

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B5. Corporate proposals

There were no corporate proposal issued by the group for quarter ended 30 September 2023.

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 September 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