

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2006
(The figures have not been audited)

| | Individual Quarter | | Cumulative Quarter | |
|--|------------------------------------|--|------------------------------------|---|
| | Current Year Quarter 31.3.06 | Preceding Year Corresponding Quarter 31.03.05 | Current Year To Date 31.3.06 | Preceding Year Corresponding Period 31.03.05 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 12,488 | 9,195 | 12,488 | 9,195 |
| Cost of sales | (862) | (114) | (862) | (114) |
| Gross profit | <u>11,626</u> | <u>9,081</u> | <u>11,626</u> | <u>9,081</u> |
| Other income | 110 | 117 | 110 | 117 |
| Staff Costs | (2,494) | (2,599) | (2,494) | (2,599) |
| Depreciation | (1,161) | (1,097) | (1,161) | (1,097) |
| Operating expenses | (2,781) | (2,178) | (2,781) | (2,178) |
| Profit from operations | <u>5,300</u> | <u>3,324</u> | <u>5,300</u> | <u>3,324</u> |
| Income on deposits | 111 | 95 | 111 | 95 |
| Finance charges | (139) | (62) | (139) | (62) |
| Financing charges, net | <u>(28)</u> | <u>33</u> | <u>(28)</u> | <u>33</u> |
| Profit before tax and minority interest | <u>5,272</u> | <u>3,357</u> | <u>5,272</u> | <u>3,357</u> |
| Taxation | (1,525) | (1,217) | (1,525) | (1,217) |
| Profit after taxation | <u>3,747</u> | <u>2,140</u> | <u>3,747</u> | <u>2,140</u> |
| Minority interest | (831) | (391) | (831) | (391) |
| Profit for the period | <u><u>2,916</u></u> | <u><u>1,749</u></u> | <u><u>2,916</u></u> | <u><u>1,749</u></u> |
| Basic earnings per share (sen) | <u><u>3.10</u></u> | <u><u>1.86</u></u> | <u><u>3.10</u></u> | <u><u>1.86</u></u> |

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the financial statements.

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2006

(The figures have not been audited)

| | (Audited) | |
|--|---|---|
| | As At End Of Current Quarter 31.3.06 RM'000 | As At Preceding Financial Year End 31.12.05 RM'000 |
| ASSETS | | |
| Non - Current assets | | |
| Property, plant and equipment | 26,152 | 26,698 |
| Prepaid lease payment | 1,264 | 1,276 |
| Goodwill on consolidation | 13,106 | 13,106 |
| | 40,522 | 41,080 |
| Current assets | | |
| Inventories | 753 | 718 |
| Trade receivables | 11,648 | 5,295 |
| Other receivables | 3,896 | 2,218 |
| Tax recoverable | 1,061 | 1,145 |
| Available for sale financial assets | 20 | 20 |
| Cash and cash equivalents | 24,352 | 27,142 |
| | 41,730 | 36,538 |
| TOTAL ASSETS | 82,252 | 77,618 |
| EQUITY AND LIABILITIES | | |
| Equity attributable to the equity holders of the parent | | |
| Share capital | 47,000 | 47,000 |
| Share Premium | 304 | 304 |
| Other reserves | 2,577 | 2,563 |
| Retained profit | 15,775 | 12,873 |
| | 65,656 | 62,740 |
| Minority interest | 4,527 | 3,668 |
| Total equity | 70,183 | 66,408 |
| Non Current Liabilities | | |
| Long term borrowings | 821 | 992 |
| Deferred taxation | 3,588 | 3,588 |
| | 4,409 | 4,580 |
| Current liabilities | | |
| Trade payables | 1,944 | 1,425 |
| Other payables | 4,648 | 4,528 |
| Short term borrowings | 240 | 240 |
| Taxation | 828 | 437 |
| | 7,660 | 6,630 |
| Total Liabilities | 12,069 | 11,210 |
| TOTAL EQUITY AND LIABILITIES | 82,252 | 77,618 |

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2006
(The figures have not been audited)

| | Share Capital | Non Distributable Share Premium | Distributable Other Reserves | Distributable Retained Profits | Total |
|--|------------------|---------------------------------------|------------------------------------|--------------------------------------|---------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2005 | | | | | |
| As previously stated | 47,000 | 344 | 2,577 | 8,094 | 58,015 |
| Prior year adjustment | - | - | - | 720 | 720 |
| At 1 January 2005 (restated) | 47,000 | 344 | 2,577 | 8,814 | 58,735 |
| Foreign exchange reserve: | | | | | |
| Arising during the year | - | - | (18) | - | (18) |
| Minority interest | - | - | 4 | - | 4 |
| Net loss not recognised in income statement | - | - | (14) | - | (14) |
| Utilisation of listing proceed | - | (40) | - | - | (40) |
| Net profit for the year | - | - | - | 8,681 | 8,681 |
| Dividend | - | - | - | (4,622) | (4,622) |
| At 31 December 2005 | 47,000 | 304 | 2,563 | 12,873 | 62,740 |
| At 1 January 2006 | 47,000 | 304 | 2,563 | 12,873 | 62,740 |
| Foreign exchange reserve: | | | | | |
| Transfer to retained earnings | - | - | 18 | (18) | - |
| Minority interest | - | - | (4) | 4 | - |
| Net loss now recognised in income statement | - | - | 14 | (14) | - |
| Profit for the period | - | - | - | 2,916 | 2,916 |
| At 31 March 2006 | 47,000 | 304 | 2,577 | 15,775 | 65,656 |

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2005.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 31 MARCH 2006
(Unaudited)

| | Cumulative Current Year Quarter 31.3.06 RM'000 | Cumulative Preceding Year Period 31.03.05 RM'000 |
|---|--|--|
| Net cash inflow from operating activities | (2,004) | 1,201 |
| Net cash outflow from investing activities | (615) | (348) |
| Net cash outflow from financing activities | (171) | (182) |
| Net decrease in cash and cash equivalents | <u>(2,790)</u> | <u>671</u> |
| Cash and cash equivalents at 1 January 2006/2005 | 27,142 | 22,975 |
| Cash and cash equivalents 31 March 2006/2005 | <u><u>24,352</u></u> | <u><u>23,646</u></u> |

Notes :

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2005 and the accompanying explanatory notes attached to the financial statements.

SELECTED EXPLANATORY NOTES

1. Accounting Policies and Methods Of Computation

The interim financial statements are unaudited and have been prepared in accordance with FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2005.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2006:

| | |
|---------|--|
| FRS 3 | Business Combinations |
| FRS 101 | Presentation of Financial Statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting Policies, Changes in Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date |
| FRS 116 | Property, Plant and Equipment |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates |
| FRS 127 | Consolidated and Separate Financial Statements |
| FRS 132 | Financial Instruments: Disclosure and Presentation |
| FRS 133 | Earnings Per Share |
| FRS 136 | Impairment of Assets |
| FRS 138 | Intangible Assets |

The adoption of all FRS mentioned above does not have significant financial impact on the Group. The principal effects of the changes of some accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

SELECTED EXPLANATORY NOTES

FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

FRS 121: The Effects of Changes in Foreign Exchange Rates

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

Under the revised FRS 121, exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are to be recognised in profit or loss in the consolidated financial statements.

Previously, such exchange differences were taken to equity. This change in accounting policy has been accounted for retrospectively and has resulted in the following:

| | As at 31.3.2006 RM'000 | As at 1.1.2006 RM'000 |
|--|---------------------------------------|-----------------------------|
| Decrease in retained earnings | 14 | - |
| Increase in foreign exchange reserve (included within other reserves) | 14 | - |
| | <hr/> | <hr/> |
| | 3 months ended 31.3.2006 RM'000 | 31.3.2005 RM'000 |
| Increase in profit for the period | 36 | - |
| | <hr/> | <hr/> |

SELECTED EXPLANATORY NOTES

2. Changes in Accounting Policy (cont'd)

(b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

As of 1 January 2006, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are now treated as assets and liabilities of the foreign operation and translated at the closing rate. In accordance with the transitional provisions of FRS 121, this change is applied prospectively. Goodwill acquired in business combinations prior to 1 January 2006 and fair value adjustments arising on those acquisitions are deemed to be assets and liabilities of the parent company and were translated using the exchange rate at the dates of acquisitions.

There is no significant impact of the adoption of FRS 3: Business Combinations and in consequential amendments to two other accounting standards as the Company has ceased to amortise the goodwill in financial ended 31 December 2005 to provide fairer presentation of the value of the goodwill.

FRS 139: Financial Instruments: Recognition and Measurement

This FRS sets out the new requirements for the recognition, derecognition and measurement of the Group's financial instruments and hedge accounting. All financial assets are required to be classified into appropriate categories at initial recognition and the categorisations are re-evaluated at every reporting date. The categories are:

(i) Available-for-sale ("AFS") financial assets

AFS financial assets are those non-derivative financial assets that are designated as available for-sale or are not classified in any of the three preceding categories. Such assets are initially recognised at its fair value including transaction costs and subsequently measured at fair value at the balance sheet date with all gains and losses other than impairment loss taken to equity. Impairment losses are recognised in profit or loss in the period it arises.

On disposal, gains and losses previously taken to equity are recognised in profit or loss. Any reversal of an impairment loss in respect of a debt instrument classified as AFS financial assets is recognised in profit or loss. An impairment loss in respect of an investment in an equity instrument classified as AFS financial assets is not reversed through profit or loss. Prior to 1 January 2006, such investments were accounted for at cost less impairment losses for diminution in value that was other than temporary, which was recognised in profit or loss when they arose. Any reversal of the impairment loss was also recognised in profit or loss.

SELECTED EXPLANATORY NOTES

3. COMPARATIVES

The following comparative amounts have been restated due to the adoption of new and revised FRSs:

| | Previously stated RM'000 | Adjustment FRS 116 RM'000 | Restated RM'000 |
|-------------------------------|--------------------------------|---------------------------------|--------------------|
| At 31 December 2005 | | | |
| Property, plant and equipment | 27,974 | (1,276) | 26,698 |
| Prepaid lease payments | - | 1,276 | 1,276 |

The following amounts as at 31 December 2005 have been reclassified due to the adoption of FRS 139

| | Previously stated | Reclassification | Restated |
|-------------------------------------|----------------------|------------------|----------|
| Other investments | 20 | (20) | - |
| Available-for-sale financial assets | - | 20 | 20 |

4. Audit Report

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

5. Seasonality or Cyclicity

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

6. 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 2006.

SELECTED EXPLANATORY NOTES

7. Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group shall revised the residual values of certain buildings and the estimated useful lives of certain plant and machineries with effect from 1 January 2006. The revisions will be accounted for as change of accounting estimates.

8. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current period to date under review.

9. Dividends

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2005, of 3.00 sen per share less 28% taxation on 94,000,000 ordinary shares, amounting to a dividend payable of RM2,030,400 (2.16 sen net per ordinary share) will be proposed for shareholders' approval. The current quarter report do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the second quarter.

The Register of Member will be closed on 24 May 2006 and if approved, the final dividend will be paid on 31 May 2006.

SELECTED EXPLANATORY NOTES

10. Segmental Information

(a) Business Segments

Segmental information is presented in respect of the Group's business segments:-

| | Environmental Consulting & Eng. Services | Laboratory Testing Services | Others* | Elimination | Cumulative Quarter ended 31.03.06 |
|--|--|-----------------------------------|------------|----------------|--|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | | |
| External revenue | 7,993 | 4,495 | | - | 12,488 |
| Inter- segment revenue | | 892 | 432 | (1,324) | - |
| Total revenue | <u>7,993</u> | <u>5,387</u> | <u>432</u> | <u>(1,324)</u> | <u>12,488</u> |
| Segment Results | | | | | |
| Segment results/ Profit from operations | 2,942 | 2,666 | (308) | - | 5,300 |
| (Financing cost)/ profit from deposits, net | 78 | (124) | 18 | - | (28) |
| Taxation | | | | | <u>(1,525)</u> |
| Profit After Taxation | | | | | 3,747 |
| Minority Interest | | | | | <u>(831)</u> |
| Net profit for the year | | | | | <u>2,916</u> |

* The segment denotes as "others" includes the results of Progressive Impact Corporation Berhad ("the Company") and an investment holding subsidiary.

11. Valuation of Property, Plant and Equipment

Freehold and leasehold land and building are stated at valuation. Revaluations were made based on a valuation by an independent valuer on an open market value basis.

12. Subsequent Events

There were no material events subsequent to the end of the reporting quarter.

13. Change In The Composition of The Group

There was no change in the composition of the Group for the current quarter since the last audited financial statements ended 31 December 2005.

SELECTED EXPLANATORY NOTES

14. Contingent Liabilities and Contingent Assets

There were no material changes in contingent liabilities and contingent assets of a material nature since the last audited financial statements for the year ended 31 December 2005.

15. Capital Commitments

Total outstanding capital commitments at the end of the current quarter is RM 0.05 Mil.

16. Performance Review

For the first quarter ended 31 March 2006, the Group recorded a revenue of RM 12.48 million and profit before tax of RM 5.27million. The revenues increased by 7% compared to the immediate preceding quarter .

The profit before tax has increased from RM 3.85 million in the immediate preceding quarter to RM5.27 million for the first quarter. This is mainly due to increase of revenues and improvement of margin.

The Group recorded turnover and profit before taxation of RM12.48 million and RM5.27 million respectively for the period ended 31 March 2006 compared to RM9.19 million and RM3.35 million for the period ended 31 March 2005 respectively.

The revenue and profit before tax has increased by 35.7% and 57% respectively compared to preceding year corresponding quarter. This is mainly due to the presence of P.T ALS Indonesia which was acquired in the second quarter of 2005.

SELECTED EXPLANATORY NOTES

17. Comment on Material Change in Profit Before Taxation

There is no material change in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter.

18. Commentary On Prospects

With the continuing improvement in the world economic prospects, the performance outlook for year 2006 is envisaged to be favourable.

The Group is also expected to improve upon its results through increased efficiency in the Group's operation.

19. Taxation

| | 3 months ended | |
|-----------------------------------|----------------|--------------|
| | 31.3.06 | 31.3.05 |
| | RM'000 | RM'000 |
| Taxation comprise the following : | | |
| Current tax: | | |
| - Malaysia Income Tax | 1,523 | 1,217 |
| - Foreign Tax | 2 | - |
| Tax expense | <u>1,525</u> | <u>1,217</u> |

The effective tax rate for the quarter under review was 28% which is in line with current statutory rate.

20. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial period to date.

21. Purchase or Disposal of Quoted Securities

(a) There were no purchases or disposals of quoted securities for the current quarter under review.

(b) There were no investments in quoted securities as at the end of the reporting period.

SELECTED EXPLANATORY NOTES

22. Corporate Proposals

a) Status of Corporate Proposal

There were no corporate proposals announced from the date of the last quarter report to the date of this announcement.

b) Utilisation of Listing Proceeds

As at 31 March 2006, the proceeds arising from the rights issue and public issue of 4.7 million ordinary shares at an issue price of RM1.00 each (this is prior to the share split where the existing shares of RM1.00 each was subsequently subdivided into ordinary shares of RM0.50 each) and 7.0 million shares at an issue price of RM0.75 each respectively pursuant to the listing of the Company on the Second Board of Bursa Malaysia Securities Berhad amounting to RM9.95 million were utilised as follows:

| | Proposed Utilisation of Proceed RM '000 | Amount Utilised RM '000 | Balance RM '000 |
|----------------------------|--|-------------------------------|--------------------|
| Repayment of borrowings | 6,000 | (6,000) | - |
| Working Capital | 2,450 | (2,450) | - |
| Estimated listing expenses | 1,500 | (1,447) | 54 |
| | <u>9,950</u> | <u>(9,897)</u> | <u>54</u> |

The Group has not utilise the balance of the listing expenses proceed in the current quarter.

23. Borrowings

Total Group borrowings as at 31 March 2006 were as follows :-

| | As at 31.03.06 RM'000 | As at 31.12.05 RM'000 |
|-----------------------|-----------------------------|-----------------------------|
| Short term borrowings | | |
| - Secure | 240 | 240 |
| Long term borrowings | | |
| - Secure | 821 | 992 |
| Total | <u>1,061</u> | <u>1,232</u> |

SELECTED EXPLANATORY NOTES

24. 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.

25. Changes in Material Litigation

There are no changes to any material litigation since the last audited financial statement for the year ended 31 December 2005.

26. Basis of calculation of earnings per share

The basic earnings per share for the quarter and cumulative year to date are computed as follow:

| | Individual Current Year Quarter 31.03.06 | Cumulative Current Year To Date 31.03.06 |
|---|---|---|
| Profit for the period (RM'000) | <u>2,916</u> | <u>2,916</u> |
| Number of ordinary shares of RM0.50 each in issue ('000) | <u>94,000</u> | <u>94,000</u> |
| Basic Earnings Per Share (sen) | <u>3.10</u> | <u>3.10</u> |

There is no diluted earnings per share as there were no potential dilutive ordinary shares outstanding as at the end of the reporting period.

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

Shah Alam
12 April 2006