

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2010
(The figures have not been audited)

	Individual Quarter Preceding Year		Cumulative Quarter Preceding Year	
	Current Year Quarter 30.06.2010	Corresponding Quarter 30.06.2009	Current Year To Date 30.06.2010	Corresponding Period 30.06.2009
	RM'000	RM'000	RM'000	RM'000
Revenue	21,456	17,201	39,868	35,023
Cost of sales	(5,199)	(2,242)	(9,331)	(5,610)
Gross profit	<u>16,257</u>	<u>14,959</u>	<u>30,537</u>	<u>29,413</u>
Other income	165	225	388	463
Staff costs	(4,705)	(4,519)	(9,206)	(9,099)
Depreciation	(1,036)	(1,085)	(2,025)	(2,172)
Operating expenses	(17,307)	(4,425)	(20,168)	(7,418)
Profit from operations	<u>(6,626)</u>	<u>5,155</u>	<u>(474)</u>	<u>11,187</u>
Finance costs	13	(3)	10	(6)
Share of profit/(loss) of an associate	(326)	97	247	781
Profit/(loss) before taxation	<u>(6,939)</u>	<u>5,249</u>	<u>(217)</u>	<u>11,962</u>
Taxation	(1,605)	(1,783)	(3,126)	(3,317)
Total comprehensive income for the period	<u><u>(8,544)</u></u>	<u><u>3,466</u></u>	<u><u>(3,343)</u></u>	<u><u>8,645</u></u>
Total comprehensive income attributable to :				
Equity holders of the parents	(4,805)	2,584	(590)	6,571
Minority interest	(3,739)	882	(2,753)	2,074
Net profit for the period	<u><u>(8,544)</u></u>	<u><u>3,466</u></u>	<u><u>(3,343)</u></u>	<u><u>8,645</u></u>
Earnings per share attributable to equity holders of the parent				
Basic earnings per share (sen) *	<u><u>(0.73)</u></u>	<u><u>0.39</u></u>	<u><u>(0.09)</u></u>	<u><u>1.00</u></u>

* In order to provide a comparable results, the corresponding period and quarter's earnings per share has been calculated base on the number of shares in issue after the bonus issue and share split exercise during the year.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010
(The figures have not been audited)

	As At End Of Current Quarter 30.06.2010 RM'000	(Audited) As At Preceding Financial Year End 31.12.2009 RM'000
ASSETS		
Non - Current assets		
Property, plant and equipment	27,122	25,352
Concession asset under construction	15,585	30,434
Investment properties	4,110	4,110
Investment in associate	8,711	8,464
Prepaid lease payment	387	400
Intangible assets	16,163	16,163
	72,078	84,923
Current assets		
Inventories	3,032	4,448
Trade receivables	23,115	23,652
Other receivables	8,496	6,504
Tax recoverable	1,725	3,109
Investment in unit trusts	26	26
Cash and cash equivalents	27,637	23,770
	64,031	61,509
TOTAL ASSETS	136,109	146,432
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	65,800	65,800
Share Premium	170	170
Other reserves	913	1,139
Retained earnings	18,179	21,147
	85,062	88,256
Minority interest	13,558	16,311
Total equity	98,620	104,567
Non Current Liabilities		
Retirement benefits obligation	1,239	826
Long term borrowings	13,149	15,573
Deferred taxation	2,059	2,059
	16,447	18,458
Current liabilities		
Trade payables	6,209	6,536
Other payables	13,910	16,170
Short term borrowings	-	43
Taxation	923	658
	21,042	23,407
Total Liabilities	37,489	41,865
TOTAL EQUITY AND LIABILITIES	136,109	146,432
Net assets per share attributable to equity holders of the parent (RM)	0.13	0.13

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009 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 SECOND QUARTER ENDED 30 JUNE 2010
(The figures have not been audited)

	Non Distributable			Distributable		Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000		
At 1 January 2009	65,800	170	1,936	16,586	84,492	14,286	98,778
Foreign exchange reserve	-	-	(489)	-	(489)	337	(152)
Net expenses recognised directly in equity	-	-	(489)	-	(489)	337	(152)
Total comprehensive income for the period	-	-	-	6,571	6,571	2,074	8,645
Total recognised income and expenses for the period	-	-	(489)	6,571	6,082	2,411	8,493
Dividends	-	-	-	(3,208)	(3,208)	-	(3,208)
At 30 June 2009	65,800	170	1,447	19,949	87,366	16,697	104,063
At 1 January 2010	65,800	170	1,139	21,147	88,256	16,311	104,567
Effect of adopting FRS 139	-	-	-	(355)	(355)	-	(355)
At 1 January 2010 (as restated)	65,800	170	1,139	20,792	87,901	16,311	104,212
Foreign exchange reserve	-	-	(226)	-	(226)	-	(226)
Net expenses recognised directly in equity	-	-	(226)	-	(226)	-	(226)
Total comprehensive income for the period	-	-	-	(590)	(590)	(2,753)	(3,343)
Total recognised income and expenses for the period	-	-	(226)	(590)	(816)	(2,753)	(3,569)
Dividends	-	-	-	(2,023)	(2,023)	-	(2,023)
At 30 June 2010	65,800	170	913	18,179	85,062	13,558	98,620

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 2009.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 30 JUNE 2010
(Unaudited)

	Cumulative Current Year Quarter 30.06.2010 RM'000	Cumulative Preceding Year Period 30.06.2009 RM'000
Cash flows from operating activities		
Profit before taxation and minority interest	(217)	11,962
Adjustments for :		
Depreciation	2,025	2,172
Share of (profit)/loss of associate	(247)	(781)
Amortisation of prepaid lease rental	13	12
Provision for retirement benefits obligation	413	790
Provision for impairment of concession assets under construction	13,656	-
Loss/(gain) on disposal of property, plant & equipment; net	(237)	(63)
Net unrealised foreign exchange gain	(1,911)	(152)
Finance cost	(10)	6
Profit income from deposits	-	(160)
Operating profit before working capital changes	<u>13,485</u>	<u>13,786</u>
Working capital changes :		
(Increase)/decrease in receivables	(1,455)	(9,343)
Increase in inventories and work-in-progress	1,416	(771)
(Decrease)/increase in payables	(2,174)	(3,330)
Cash generated from operations	<u>11,272</u>	<u>342</u>
Financing cost paid	10	(6)
Taxation paid	(2,389)	(2,277)
Net cash generated from/(used in) operating activities	<u>8,893</u>	<u>(1,941)</u>
Cash flows from investing activities		
Net cash outflow from purchase of subsidiaries	(286)	-
Proceeds from disposal of property, plant & equipment	205	-
Purchase of property, plant & equipment	(2,879)	(592)
Profit received from deposits	-	160
Net cash used in investing activities	<u>(2,960)</u>	<u>(432)</u>
Cash flows from financing activities		
Upliftment/(placement) of deposit with licensed bank held under lien	-	1
Repayment of borrowings	(43)	(32)
Dividend paid	(2,023)	(3,208)
Net cash used in financing activities	<u>(2,066)</u>	<u>(3,239)</u>
Net increase/(decrease) in cash and cash equivalents	3,867	(5,612)
Cash and cash equivalents at 1 January 2010/2009	23,770	24,899
Cash and cash equivalents at 30 June 2010/2009	<u>27,637</u>	<u>19,287</u>
Cash and cash equivalents :		
Cash and bank balances	27,637	19,417
Less : Deposits under lien	-	(130)
	<u>27,637</u>	<u>19,287</u>

Notes :

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2009 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 financial year ended 31 December 2009. 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 2009.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2009, except the followings :-

On 1 January 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 & FRS 127	First-time Adoption of Financial Reporting and Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139, FRS 7 & IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above standards, amendments and interpretations have no material impact on the financial performance or position of the Group and the Company except for those discussed below :

FRS 7 Financial Instruments: Disclosures

With the adoption of FRS 7, financial assets and financial liabilities are disclosed in the statement of financial position based on their respective classifications. Additional disclosures are required under this standard regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. Since FRS 7 disclosures are not required in the interim financial statements, no further disclosures have been made in these interim financial statements.

FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purpose of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. As this is a disclosure standard, there will be no impact on the financial position or results of the Group and Company for the period.

SELECTED EXPLANATORY NOTES

2. Changes in Accounting Policies (cont'd)

FRS 101 Presentation of Financial Statements (Revised)

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income. In addition, the standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group and Company.

FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below :

Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of the FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

The following are effects arising from the above changes in accounting policies :

	Increase/(decrease)	
	At 01.01.10 RM'000	At 30.06.10 RM'000
Statement of Financial Position - Group		
Trade receivables	(355)	-
Retained earnings	-	-
Reserve - fair value adjustment	355	-

3. Audit Report

The auditors' report on the financial statements for the financial year ended 31 December 2009 was not qualified.

4. Seasonality or Cyclicity

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

5. 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 2010.

SELECTED EXPLANATORY NOTES

6. 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.

7. Dividends

No dividend was proposed or declared by the Group since the end of the previous quarter.

8. Segmental Information

(a) Business Segments

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

	<u>Environmental Consulting & Eng. Services</u>	<u>Laboratory Testing Services</u>	<u>Waste Management Engineering</u>	<u>Others*</u>	<u>Elimination</u>	<u>Cumulative Quarter ended 30.06.2010</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	26,449	12,584	835	-	-	39,868
Inter- segment revenue	-	1,971	-	-	(1,971)	-
Total revenue	<u>26,449</u>	<u>14,555</u>	<u>835</u>	<u>-</u>	<u>(1,971)</u>	<u>39,868</u>
Segment Results						
Segment results/ Profit from operations	7,799	7,014	(13,533)	(1,507)	-	(227)
(Financing cost)/ profit from deposits, net	-	-	10	-	-	10
Taxation						<u>(3,126)</u>
Profit After Taxation						(3,343)
Minority Interest						<u>2,753</u>
Net profit for the year						<u>(590)</u>

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

9. Valuation of Property, Plant and Equipment

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

10. Subsequent Events

On 16 August 2010, the Company had entered into a Sale and Purchase of Shares Agreement with a third party to disposed off its 60% equity holding in SEECO Engineering for Sewerage & Environmental Co. Ltd. ("SEECO"), Sudan which was acquired on 5 May 2008 for a total cash consideration of RM1,000. The disposal is made as there is no further benefits for the Company to continue holding its investment in SEECO pursuant to the termination of contracts by the Ministry of Infrastructure, Sudan.

SELECTED EXPLANATORY NOTES

11. Change In The Composition of The Group

There was no changes in the composition of the Group for the current quarter since the first quarter ended 31 March 2010.

12. 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 financial year ended 31 December 2009.

13. Capital Commitments

Total outstanding approved capital commitments not contracted for at the end of the current quarter is RM0.3 million.

SELECTED EXPLANATORY NOTES

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. Performance Review

For the second quarter ended 30 June 2010, the Group recorded a revenue of RM21.5 million which is 17% higher as compared to the first quarter ended 31 March 2010 of RM18.4 million and 25% higher as compared to the preceding year corresponding period ended 30 June 2009 of RM17.2 million. The increase were mainly contributed by the environmental consulting and engineering and lab testing segments.

For the second quarter ended 30 June 2010, the Group record loss before tax of RM6.9 million mainly due to the provision of impairment of assets under construction in the waste management engineering segment. Cumulatively, the Group record loss before tax of RM0.2 million for the period ending 30 June 2010.

2. Comment on Material Change in Profit Before Taxation

The material change in the loss before taxation for the quarter reported as compared with the immediate preceding quarter was mainly due to the termination of contracts by the Ministry of Infrastructure, Sudan ("MOI") to SEECO and Picorp Sudan ("the Companies"). The termination was due to the inability of MOI to provide international bank guarantee as a security to the contract payments to the Companies.

3. Commentary On Prospects

Despite the termination of contracts by MOI which has lead to the above mentioned loss, the Group's growth in its other business segments has continue to improve. The Group's performance for the second half of the year is anticipate to be favourable.

4. Taxation

	6 months ended	
	30.06.10	30.06.09
	RM'000	RM'000
Taxation comprise the following :		
Current tax :		
- Malaysia Income Tax	2,711	2,760
- Foreign Tax	415	557
Tax expense	<u>3,126</u>	<u>3,317</u>

The effective tax rate for the quarter under review was -541% as compared to the current statutory rate of 25% due to the above mentioned losses.

5. Sale of Unquoted Investments and/or Properties

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

6. 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

7. Corporate Proposals

Status of Corporate Proposal

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

8. Borrowings

As at 30 June 2010, the Group has the following borrowing :

	As At End Of Current Quarter 30.06.10 RM'000	As At Preceding Year Quarter 30.06.09 RM'000
Secured :		
Current - Hire purchase	-	54
Non-current - Term loan	13,149	13,299
Total borrowings	<u>13,149</u>	<u>13,353</u>

9. 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.

10. Changes in Material Litigation

There are no changes to any material litigation since the last audited financial statement for the financial year ended 31 December 2009.

11. 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 30.06.10	Cumulative Current Year To Date 30.06.10
Loss for the period (RM'000)	<u>(4,805)</u>	<u>(590)</u>
Number of ordinary shares of RM0.10 each in issue ('000)	<u>658,000</u>	<u>658,000</u>
Basic Earnings Per Share (sen)	<u>(0.73)</u>	<u>(0.09)</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