

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2011
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Preceding Year		Preceding Year	
	Current Year	Corresponding	Current Year	Corresponding
	Quarter	Quarter	To Date	Period
	30.06.2011	30.06.2010	30.06.2011	30.06.2010
	RM'000	RM'000	RM'000	RM'000
Revenue	21,761	21,456	40,952	39,868
Cost of sales	(6,129)	(5,199)	(10,385)	(9,331)
Gross profit	15,632	16,257	30,567	30,537
Other income	300	165	620	388
Staff costs	(4,985)	(4,705)	(9,681)	(9,206)
Depreciation and amortisation	(977)	(1,036)	(1,954)	(2,025)
Other operating expenses	(3,915)	(17,307)	(6,703)	(20,168)
Profit/(loss) from operations	6,055	(6,626)	12,849	(474)
Finance costs	-	13	-	10
Share of (loss)/profit of an associate	(291)	(326)	(191)	247
Profit/(loss) before taxation	5,764	(6,939)	12,658	(217)
Income tax expense	(1,980)	(1,605)	(3,894)	(3,126)
Profit net of tax	3,784	(8,544)	8,764	(3,343)
Other comprehensive income :	-	-	-	-
Foreign currency translation	(277)	(290)	(512)	(226)
Other comprehensive income, net of tax	(277)	(290)	(512)	(226)
Total comprehensive income for the period	3,507	(8,834)	8,252	(3,569)
Profit attributable to :				
Owners of the parent	2,563	(4,805)	6,291	(590)
Minority interest	1,221	(3,739)	2,473	(2,753)
	3,784	(8,544)	8,764	(3,343)
Total comprehensive income attributable to :				
Owners of the parent	2,305	(5,095)	5,798	(816)
Minority interest	1,202	(3,739)	2,454	(2,753)
	3,507	(8,834)	8,252	(3,569)
Earnings per share attributable to equity holders of the parent				
Basic earnings per share (sen) *	0.39	(0.73)	0.96	(0.09)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 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 2011
(The figures have not been audited)

	As At End Of Current Quarter 30.06.2011 RM'000	(Audited) As At Preceding Financial Year End 31.12.2010 RM'000
ASSETS		
Non - Current assets		
Property, plant and equipment	26,138	26,712
Concession asset under construction	-	-
Investment properties	5,358	5,358
Investment in associate	3,951	4,142
Prepaid lease payment	362	375
Intangible assets	13,985	13,985
	49,794	50,572
Current assets		
Inventories	2,151	1,404
Trade receivables	27,717	25,237
Other receivables	6,733	6,155
Tax recoverable	2,932	2,044
Investment in unit trusts	27	26
Cash and cash equivalents	38,737	37,471
	78,297	72,337
TOTAL ASSETS	128,091	122,909
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share capital	65,800	65,800
Share Premium	170	170
Other reserves	2,078	2,590
Retained earnings	26,593	20,795
	94,641	89,355
Minority interest	16,082	13,628
Total equity	110,723	102,983
Non Current Liabilities		
Retirement benefits obligation	2,160	1,652
Long term borrowings	-	-
Deferred taxation	3,171	3,171
	5,331	4,823
Current liabilities		
Trade payables	3,859	6,204
Other payables	6,121	7,018
Short term borrowings	-	822
Taxation	2,057	1,059
	12,037	15,103
Total Liabilities	17,368	19,926
TOTAL EQUITY AND LIABILITIES	128,091	122,909
Net assets per share attributable to equity holders of the parent (RM)	0.14	0.14

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2010 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 2011
(The figures have not been audited)

	Non Distributable			Distributable	Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
Total comprehensive income for the period	-	-	(226)	(590)	(816)	(2,753)	(3,569)
Transactions with owners :							
Dividends	-	-	-	(2,023)	(2,023)	-	(2,023)
Total transactions with owners	-	-	-	(2,023)	(2,023)	-	(2,023)
At 30 June 2010	65,800	170	913	18,179	85,062	13,558	98,620
At 1 January 2011	65,800	170	2,590	20,795	89,355	13,628	102,983
Total comprehensive income for the period	-	-	(512)	6,291	5,779	2,454	8,233
Transactions with owners :							
Dividends	-	-	-	(493)	(493)	-	(493)
Total transactions with owners	-	-	-	(493)	(493)	-	(493)
At 30 June 2011	65,800	170	2,078	26,593	94,641	16,082	110,723

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 2010.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 30 JUNE 2011
(Unaudited)

	Cumulative Current Year Quarter 30.06.2011 RM'000	Cumulative Preceding Year Period 30.06.2010 RM'000
Cash flows from operating activities		
Profit before taxation and minority interest	12,658	(217)
Adjustments for :		
Depreciation	1,954	2,025
Share of (profit)/loss of associate	191	(247)
Amortisation of prepaid lease rental	13	13
Provision for retirement benefits obligation	508	413
Provision for impairment of concession assets under construction	-	13,656
Loss/(gain) on disposal of property, plant & equipment; net	(2)	(237)
Net unrealised foreign exchange gain	(512)	(1,911)
Finance cost	-	(10)
Profit income from deposits	(237)	-
Operating profit before working capital changes	<u>14,573</u>	<u>13,485</u>
Working capital changes :		
Decrease/(increase) in receivables	(3,946)	(1,455)
Increase in inventories and work-in-progress	(747)	1,416
Decrease in payables	(3,242)	(2,174)
Cash generated from operations	<u>6,638</u>	<u>11,272</u>
Financing cost paid	-	10
Taxation paid	(2,896)	(2,389)
Net cash generated from operating activities	<u>3,742</u>	<u>8,893</u>
Cash flows from investing activities		
Net cash outflow from purchase of subsidiaries	(18)	(286)
Proceeds from disposal of property, plant & equipment	-	205
Purchase of property, plant & equipment	(1,380)	(2,879)
Profit received from deposits	237	-
Net cash generated from/(used in) investing activities	<u>(1,161)</u>	<u>(2,960)</u>
Cash flows from financing activities		
Repayment of borrowings	(822)	(43)
Dividend paid	(493)	(2,023)
Net cash generated from/(used in) financing activities	<u>(1,315)</u>	<u>(2,066)</u>
Net increase in cash and cash equivalents	1,266	3,867
Cash and cash equivalents at 1 January 2011/2010	<u>37,471</u>	<u>23,770</u>
Cash and cash equivalents at 30 June 2011/2010	<u>38,737</u>	<u>27,637</u>
Cash and cash equivalents :		
Cash and bank balances	<u>38,737</u>	<u>27,637</u>
	<u>38,737</u>	<u>27,637</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 2010 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 2010. 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 2010.

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 2010, except the followings :-

On 1 January 2011, 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 2011.

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (revised)
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment & Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 121	The Effect of Changes in Foreign Exchange Rates
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investments in Associates
Amendments to FRS 131	Interests in Joint Ventures
Amendments to FRS 132	Classification of Rights Issues & Financial Instruments : Presentation
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments : Recognition and Measurement
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 13	Amendments to IC Interpretation 13
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers

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 the enhanced disclosures about fair value measurements and liquidity risk as required by Amendments to FRS 7 : Improving Disclosures about Financial Instruments. Such enhanced disclosures will be presented in the audited financial statements of the Group for the financial year ending 31 December 2011.

3. Audit Report

The auditors' report on the financial statements for the financial year ended 31 December 2010 was not qualified.

SELECTED EXPLANATORY NOTES

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 2011.

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 30.06.2011</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	25,809	13,795	1,348	-	-	40,952
Inter- segment revenue	-	1,870	-	-	(1,870)	-
Total revenue	<u>25,809</u>	<u>15,665</u>	<u>1,348</u>	<u>-</u>	<u>(1,870)</u>	<u>40,952</u>
Segment Results						
Segment results/ Profit from operations	7,498	7,581	(523)	(1,898)	-	12,658
(Financing cost)/ profit from deposits, net	-	-	-	-	-	-
Taxation						<u>(3,894)</u>
Profit After Taxation						8,764
Minority Interest						<u>(2,473)</u>
Net profit for the year						<u>6,291</u>

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

SELECTED EXPLANATORY NOTES

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

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

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 2011.

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 2010.

13. Capital Commitments

Total outstanding approved capital commitments not contracted for at the end of the current quarter is RM2.7 million.

SELECTED EXPLANATORY NOTES

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. Performance Review

For the second quarter ended 30 June 2011, the Group recorded a revenue of RM21.8 million which is 13% higher as compared to the first quarter ended 31 March 2011 of RM19.2 million and 1% higher as compared to the preceding year corresponding period ended 30 June 2010 of RM21.5 million. The increase were mainly contributed by the lab testing and waste management engineering segments.

For the second quarter ended 30 June 2011, the Group's profit before tax (PBT) was RM5.8 million which is 16% lower as compared to the first quarter ended 31 March 2011 of RM6.9 million mainly due to the increase in the cost of sales of the foreign operation. The Group's PBT was 183% higher as compared to the preceding year corresponding period ended 30 June 2010 losses of RM6.9 million. Year 2010 results was mainly affected due to the provision of impairment of assets under construction in the waste management engineering segment. The Group's results has revert to its normal course in 2011.

2. Comment on Material Change in Profit Before Taxation

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

3. Commentary On Prospects

Continued global demand on environmental awareness and increased efficiency in the Group's operation is expected to have a positive impact on the Group's performance for the year 2011.

4. Taxation

6 months ended	
30.06.11	30.06.10
RM'000	RM'000

Taxation comprise the following :

Current tax :

- Malaysia Income Tax
- Foreign Tax

Tax expense

3,454	2,711
440	415
<u>3,894</u>	<u>3,126</u>

The effective tax rate for the current quarter under review was 28% which was slightly higher as compared to the current statutory rate of 25%.

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, the Group has the following borrowing :

	As At End Of Current Quarter 30.06.11 RM'000	As At Preceding Year Quarter 30.06.10 RM'000
Secured :		
Current - Hire purchase	-	-
Non-current - Term loan	-	13,149
Total borrowings	<u>-</u>	<u>13,149</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 2010.

11. Realised and Unrealised Profits

The breakdown of the retained profits of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1 : Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

As at 30 June 2011, the Group's realised and/or unrealised profits are as follows :-

	30.06.11 RM'000	31.12.10 RM'000
Total retained profit of the Group :		
Realised	20,125	13,834
Unrealised - in respect of deferred tax recognised in the income statement	3,171	3,171
	<u>23,296</u>	<u>17,005</u>
Total share of retained profits from associated companies :		
Realised	322	514
Unrealised	-	-
	<u>322</u>	<u>514</u>
Add : Consolidation adjustments	<u>2,975</u>	<u>3,276</u>
Total Group's retained profits as per consolidated accounts	<u>26,593</u>	<u>20,795</u>

SELECTED EXPLANATORY NOTES

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 30.06.11	Cumulative Current Year To Date 30.06.11
Profit for the period (RM'000)	2,563	6,291
Number of ordinary shares of RM0.10 each in issue ('000)	658,000	658,000
Basic Earnings Per Share (sen)	0.39	0.96

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