

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.06.2012 RM'000	Corresponding Quarter 30.06.2011 RM'000	Current Year To Date 30.06.2012 RM'000	Corresponding Period 30.06.2011 RM'000
Revenue	24,713	21,761	48,150	40,952
Cost of sales	(8,111)	(6,129)	(15,178)	(10,385)
Gross profit	<u>16,602</u>	<u>15,632</u>	<u>32,972</u>	<u>30,567</u>
Other income	284	300	504	620
Staff costs	(5,275)	(4,985)	(10,111)	(9,681)
Depreciation and amortisation	(1,011)	(977)	(2,017)	(1,954)
Other operating expenses	(3,424)	(3,915)	(6,683)	(6,703)
Profit from operations	<u>7,176</u>	<u>6,055</u>	<u>14,665</u>	<u>12,849</u>
Finance costs	(614)	-	(614)	-
Share of (loss)/profit of an associate	-	(291)	-	(191)
Profit before taxation	<u>6,562</u>	<u>5,764</u>	<u>14,051</u>	<u>12,658</u>
Income tax expense	(1,905)	(1,980)	(4,007)	(3,894)
Profit net of tax	<u>4,657</u>	<u>3,784</u>	<u>10,044</u>	<u>8,764</u>
Other comprehensive income :				
Foreign currency translation	414	(277)	(39)	(512)
Other comprehensive income, net of tax	<u>414</u>	<u>(277)</u>	<u>(39)</u>	<u>(512)</u>
Total comprehensive income for the period	<u>5,071</u>	<u>3,507</u>	<u>10,005</u>	<u>8,252</u>
Profit attributable to :				
Owners of the parent	3,202	2,563	7,196	6,291
Minority interest	1,455	1,221	2,848	2,473
	<u>4,657</u>	<u>3,784</u>	<u>10,044</u>	<u>8,764</u>
Total comprehensive income attributable to :				
Owners of the parent	3,676	2,305	7,084	5,798
Minority interest	1,395	1,202	2,921	2,454
	<u>5,071</u>	<u>3,507</u>	<u>10,005</u>	<u>8,252</u>
Earnings per share attributable to equity holders of the parent				
Basic earnings per share (sen) *	<u>0.49</u>	<u>0.39</u>	<u>1.09</u>	<u>0.96</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 2011 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 2012
(The figures have not been audited)

	Unaudited 30.06.2012 RM'000	Audited 31.12.2011 RM'000 (Restated)	Audited 01.01.2011 RM'000 (Restated)
ASSETS			
Non - Current assets			
Property, plant and equipment	37,109	26,369	26,712
Investment properties	40,025	5,585	5,358
Investment in associate	1,792	1,792	4,142
Prepaid lease payment	338	350	375
Intangible assets	13,985	13,985	13,985
Deferred tax assets	1,097	1,097	-
	94,346	49,178	50,572
Current assets			
Inventories	1,863	1,595	1,404
Trade receivables	27,775	25,024	25,236
Other receivables	14,605	11,906	6,156
Tax recoverable	2,341	2,339	2,043
Investment in unit trusts	29	29	26
Cash and cash equivalents	39,605	45,347	37,471
	86,218	86,240	72,336
TOTAL ASSETS	180,564	135,418	122,908
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent			
Share capital	65,800	65,800	65,800
Share Premium	170	170	170
Other reserves	1,726	1,765	1,777
Retained earnings	37,203	30,007	21,609
	104,899	97,742	89,356
Minority interest	19,161	16,240	13,628
Total equity	124,060	113,982	102,984
Non Current Liabilities			
Retirement benefits obligation	193	125	1,652
Long term borrowings	33,421	-	-
Deferred taxation	3,619	3,619	3,171
	37,233	3,744	4,823
Current liabilities			
Trade payables	4,410	3,368	5,382
Other payables	11,701	11,758	7,839
Short term borrowings	850	939	822
Taxation	2,310	1,627	1,058
	19,271	17,692	15,101
Total Liabilities	56,504	21,436	19,924
TOTAL EQUITY AND LIABILITIES	180,564	135,418	122,908
Net assets per share attributable to equity holders of the parent (RM)	0.16	0.15	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 2011 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 2012
(The figures have not been audited)

	← Attributable to owners of the company →				Non-controlling Interest		Total Equity RM'000
	Share Capital RM'000	Non Distributable Share Premium RM'000	Other Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interest RM'000	
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 paid to minority interest	-	-	-	-	-	-	-
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
At 1 January 2012	65,800	170	1,765	30,007	97,742	16,240	113,982
Total comprehensive income for the period	-	-	(39)	7,196	7,157	2,921	10,078
Transactions with owners :							
Dividends paid to minority interest	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-
At 30 June 2012	65,800	170	1,726	37,203	104,899	19,161	124,060

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 2011.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 30 JUNE 2012
(Unaudited)

	Cumulative Current Year Quarter 30.06.2012 RM'000	Cumulative Preceding Year Period 30.06.2011 RM'000
Cash flows from operating activities		
Profit before taxation and minority interest	14,051	12,658
Adjustments for :		
Depreciation	2,017	1,954
Share of (profit)/loss of associate	-	191
Amortisation of prepaid lease rental	12	13
Provision for retirement benefits obligation	68	508
(Gain)/loss on disposal of property, plant & equipment; net	(18)	(2)
Net unrealised foreign exchange (gain)/loss	(39)	(512)
Finance cost	614	-
Profit income from deposits	(302)	(237)
Operating profit before working capital changes	<u>16,403</u>	<u>14,573</u>
Working capital changes :		
(Increase)/decrease in receivables	(5,450)	(3,946)
Decrease/(increase) in inventories and work-in-progress	(268)	(747)
Decrease in payables	985	(3,242)
Cash generated from operations	<u>11,670</u>	<u>6,638</u>
Financing cost paid	(614)	-
Taxation paid	(3,324)	(2,896)
Net cash (used in)/generated from operating activities	<u>7,732</u>	<u>3,742</u>
Cash flows from investing activities		
Net cash inflow/(outflow) on acquisition of a subsidiary	-	(18)
Purchase of property, plant & equipment	(47,197)	(1,380)
Profit received from deposits	302	237
Net cash used in investing activities	<u>(46,895)</u>	<u>(1,161)</u>
Cash flows from financing activities		
Repayment of borrowings	(579)	(822)
Drawdown of borrowings	34,000	-
Dividend paid	-	(493)
Net cash used in financing activities	<u>33,421</u>	<u>(1,315)</u>
Net (decrease)/increase in cash and cash equivalents	(5,742)	1,266
Cash and cash equivalents at 1 January 2012/2011	<u>45,347</u>	<u>37,471</u>
Cash and cash equivalents at 30 June 2012/2011	<u>39,605</u>	<u>38,737</u>
Cash and cash equivalents :		
Cash and bank balances	<u>39,605</u>	<u>38,737</u>
	<u>39,605</u>	<u>38,737</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 2011 and the accompanying explanatory notes attached to the financial statements.

SELECTED EXPLANATORY NOTES

1. 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 30th August 2012.

2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements for the period ended 30 June 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under FRS are available upon request from the Company registered office at Suite 5.02, Mercu Picorp, Lot 10, Jalan Astaka U8/84, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes attached to these condensed consolidated 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 year ended 31 December 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note 3 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.

3. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below :

(a) Business combination

MFRS 1 provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MFRS 3 which would require restatement of all business combinations prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply MFRS 3 prospectively from the date of transition. In respect of acquisitions prior to the date of transition,

- (i) The classification of former business combinations under FRS is maintained;
- (ii) There is no re-measurement of original fair values determined at the time of business combination (date of acquisition);
and
- (iii) The carrying amount of goodwill recognised under FRS is not adjusted.

SELECTED EXPLANATORY NOTES

3. Significant accounting policies and application of MFRS 1 (cont'd)

(b) Property, plant and equipment

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standard IAS 16 (Revised) Property, Plant and Equipment which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group recorded certain buildings at revalued amounts but had not adopted a policy of revaluation and continued to carry those buildings on the basis of their previous revaluations subject to continuity in its depreciation policy and requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under *MFRS 116 Property, Plant and Equipment*. At the date of transition to MFRS, the Group elected to :

- (i) regard the revalued amounts of land and buildings as at 28 November 2010 as deemed cost at the date of the revaluation as these amounts were broadly comparable to fair value at that date. The revaluation surplus of RM813,999 (31 March 2011 : RM813,999, 31 December 2011 : RM813,999) was transferred to retained earnings on date of transition to MFRS.

(c) Estimates

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amounts in accordance with MFRS reflect conditions at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

(d) Retained earnings

The changes which affected the retained earnings are as follows :

	Note	1.1.2011 RM'000	30.6.2011 RM'000	31.12.2011 RM'000
Property, plant and equipment	3(b)	814	814	814

(e) Revaluation reserve

The changes which affected the revaluation reserve are as follows :

	Note	1.1.2011 RM'000	30.6.2011 RM'000	31.12.2011 RM'000
Property, plant and equipment	3(b)	814	814	814

4. MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group :

	Effective for annual period beginning on or after
(a) MFRS 9 : Financial Instruments	1 January 2015
(b) MFRS 10 : Consolidated Financial Statements	1 January 2013
(c) MFRS 11 : Joint Arrangements	1 January 2013
(d) MFRS 12 : Disclosure of Interest in Other Entities	1 January 2013
(e) MFRS 13 : Fair Value Measurement	1 January 2013
(f) MFRS 119 : Employee Benefits	1 January 2013
(g) MFRS 127 : Separate Financial Statements	1 January 2013
(h) MFRS 128 : Investments in Associates and Joint Ventures	1 January 2013
(i) Amendments to MFRS 1 : Government Loans	1 January 2013
(j) Amendments to MFRS 7 : Disclosures - offsetting Financial Assets and Financial Liabilities	1 January 2013
(k) Amendments to MFRS 101 : Presentation of Items of Other Comprehensive Income	1 July 2012
(l) Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
(m) IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

SELECTED EXPLANATORY NOTES

5. 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.

6. Changes in composition of the Group

There was no change in the composition of the Group for the current quarter since the 1st Quarter ended 31 March 2012.

7. Segment information

	Environmental Consulting & Engineering Services	Laboratory Testing Services	Waste Management Engineering	Others*	Elimination	Cumulative Quarter ended 30.6.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue						
External revenue	29,650	15,847	1,981	672	-	48,150
Inter- segment revenue	-	1,291	-	-	(1,291)	-
Total revenue	<u>29,650</u>	<u>17,138</u>	<u>1,981</u>	<u>672</u>	<u>(1,291)</u>	<u>48,150</u>
Segment Results						
Segment results/ Profit from operations	7,860	9,025	(741)	(1,780)	-	14,364
(Financing cost)/ profit from deposits, net	52	177	2	(544)	-	(313)
Taxation						(4,007)
Profit After Taxation						<u>10,044</u>
Minority Interest						<u>(2,848)</u>
Net profit for the year						<u>7,196</u>

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

The Group is organised into three operating segments as follows based on products offered and services rendered :

- The environmental consulting & engineering segment - providing environmental related services
- The laboratory testing segment - chemical testing, consultancy service and other services of similar nature
- The waste management engineering segment - provision of sewerage and solid waste management systems

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

Environmental consulting & engineering

For the second quarter ended 30 June 2012, Environmental consulting & engineering segment contributed 62% from the total Group's revenue. Revenue increased by 15% or RM3.8 million as compared to the preceding year corresponding period ended 30 June 2011 and 2% higher as compared to the first quarter ended 31 March 2012. The increase were mainly due to the significant increase in the foreign operation's revenue of 88% as compared to the preceding year corresponding period ended 30 June 2011.

Laboratory testing

Laboratory testing segment contributed 33% of the total Group's revenue. 15% or RM2.1 million increased in revenue during the current quarter as compared to the preceding year corresponding period ended 30 June 2011 were mainly contributed by the foreign operation.

SELECTED EXPLANATORY NOTES

7. Segment information (cont'd)

Waste management engineering

Waste management engineering segment recorded a revenue of RM1.9 million or an increase of 47% during the current quarter as compared to RM1.3 million in the preceding year corresponding quarter ended 30 June 2011.

Consolidated profit before tax

For the second quarter ended 30 June 2012, the Group's profit before tax (PBT) was RM10.0 million which is 14% higher as compared to the preceding year corresponding period ended 30 June 2011 of RM8.8 million. Increased in PBT were mainly contributed by the increase in the project margin secured and also cost saving programmes implemented by the Group.

8. Seasonality or cyclical

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

9. Income tax expense

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
	RM'000	RM'000	RM'000	RM'000
Taxation comprise the following :				
Current tax :				
- Malaysia Income Tax	1,670	1,739	3,434	3,454
- Foreign Tax	235	241	573	440
Tax expense	<u>1,905</u>	<u>1,980</u>	<u>4,007</u>	<u>3,894</u>

The effective tax rate for the current quarter under review was 29% which was slightly higher as compared to the current statutory rate of 25% .

10. Earnings per share

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

	Individual quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30.6.2012	30.6.2011	30.6.2012	30.6.2011
Profit for the period (RM'000)	<u>3,202</u>	<u>2,563</u>	<u>7,196</u>	<u>6,291</u>
Number of ordinary shares of RM0.10 each in issue ('000)	<u>658,000</u>	<u>658,000</u>	<u>658,000</u>	<u>658,000</u>
Basic Earnings Per Share (sen)	<u>0.49</u>	<u>0.39</u>	<u>1.09</u>	<u>0.96</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.

11. Valuation of property, plant and equipment

As disclosed in Note 3(b) above, 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.

SELECTED EXPLANATORY NOTES

12. Borrowings

	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Secured :			
Short term borrowings	850	939	822
Long term borrowings	33,421	-	-
Total borrowings	<u>34,271</u>	<u>939</u>	<u>822</u>

13. Dividends

No interim ordinary dividend has been declared for the financial period ended 30 June 2012 (30 June 2011 : Nil).

14. Commitments

	30.6.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Capital expenditure			
Approved and contracted for :			
Property, plant & equipment	261	309	9
Approved but not contracted for :			
Property, plant & equipment	3,539	2,743	2,929
	<u>3,800</u>	<u>3,052</u>	<u>2,938</u>

15. Contingent liabilities and contingent assets

There were no material changes in contingent liabilities and contingent assets since the last audited financial statements for the financial year ended 31 December 2011.

16. 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.

17. Events after the reporting period

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

18. 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 2012.

19. 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.

SELECTED EXPLANATORY NOTES

EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS : CHAPTER 9, APPENDIX 9B, PART A

20. Performance review

Explanatory comment on the performance of each of the Group's business activities is provided in Note 7.

21. 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.

22. 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 2012.

23. Profit forecast or profit guarantee

There were no profit forecast or profit guarantee issued by the Group.

24. Corporate proposals

There are no corporate proposals announced but not completed as at the date of issue of these financial statements.

25. 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 2012 and 31 December 2011.

26. 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.

27. 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 2011.

SELECTED EXPLANATORY NOTES

28. Breakdown of realised and unrealised profits or losses

The breakdown of the retained profits of the Group as at 30 June 2012 and 31 December 2011 into realised and unrealised profits is presented in accordance with the directives issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and 20 December 2010, 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.

	30.6.2012 RM'000	31.12.2011 RM'000 (Restated)
Total retained profits of the Group :		
Realised	33,236	26,040
Unrealised	3,619	2,552
	<u>36,855</u>	<u>28,592</u>
Total share of retained profits from an associate :		
Realised	282	336
Unrealised	-	-
	<u>282</u>	<u>336</u>
Add/(less) : Consolidation adjustments	66	1,079
Total Group's retained profits as per consolidated accounts	<u>37,203</u>	<u>30,007</u>

29. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 was not qualified.

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

Shah Alam