

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

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.09.2012 Unaudited RM'000	Corresponding Quarter 30.09.2011 Unaudited RM'000 (Restated)	Current Year To Date 30.09.2012 Unaudited RM'000	Corresponding Period 30.09.2011 Unaudited RM'000 (Restated)
Revenue	17,243	24,972	64,721	65,924
Cost of sales	(3,814)	(8,841)	(18,992)	(19,226)
Gross profit	<u>13,429</u>	<u>16,131</u>	<u>45,729</u>	<u>46,698</u>
Interest income	151	100	453	337
Other income	869	483	1,743	866
Staff costs	(5,427)	(5,374)	(15,538)	(15,055)
Depreciation and amortisation	(1,471)	(997)	(3,488)	(2,994)
Provision for and write-off of receivables	(1,371)	-	(1,371)	-
Foreign exchange loss	(1,889)	(20)	(1,948)	(69)
Other operating expenses	(3,991)	(3,706)	(10,615)	(10,360)
Profit from operations	<u>300</u>	<u>6,617</u>	<u>14,965</u>	<u>19,423</u>
Finance costs	(514)	-	(1,128)	-
Share of (loss)/profit of an associate	(1,792)	41	(1,792)	(150)
(Loss)/profit before taxation	<u>(2,006)</u>	<u>6,658</u>	<u>12,045</u>	<u>19,273</u>
Income tax expense	(1,269)	(1,666)	(5,276)	(5,560)
<b>(Loss)/profit net of tax</b>	<b><u>(3,275)</u></b>	<b><u>4,992</u></b>	<b><u>6,769</u></b>	<b><u>13,713</u></b>
<b>Other comprehensive income :</b>				
Foreign currency translation	819	1,349	780	837
<b>Other comprehensive income, net of tax</b>	<u>819</u>	<u>1,349</u>	<u>780</u>	<u>837</u>
<b>Total comprehensive (loss)/income for the period</b>	<b><u>(2,456)</u></b>	<b><u>6,341</u></b>	<b><u>7,549</u></b>	<b><u>14,550</u></b>
<b>(Loss)/profit attributable to :</b>				
Owners of the parent	(3,583)	3,729	3,613	9,977
Minority interest	308	1,263	3,156	3,736
	<u>(3,275)</u>	<u>4,992</u>	<u>6,769</u>	<u>13,713</u>
<b>Total comprehensive (loss)/income attributable to :</b>				
Owners of the parent	(2,691)	5,077	4,393	10,832
Minority interest	235	1,264	3,156	3,718
	<u>(2,456)</u>	<u>6,341</u>	<u>7,549</u>	<u>14,550</u>
<b>Earnings per share attributable to equity holders of the parent</b>				
<b>Basic (loss)/earnings per share (sen) *</b>	<b><u>(0.54)</u></b>	<b><u>0.57</u></b>	<b><u>0.55</u></b>	<b><u>1.52</u></b>

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 SEPTEMBER 2012  
(The figures have not been audited)

	30.09.2012 Unaudited RM'000	31.12.2011 Audited RM'000 (Restated)	01.01.2011 Audited RM'000 (Restated)
<b>ASSETS</b>			
<b>Non - Current assets</b>			
Property, plant and equipment	49,554	26,369	26,712
Investment properties	26,858	5,273	5,358
Investment in associate	-	1,792	4,142
Prepaid lease payment	331	350	375
Intangible assets	13,985	13,985	13,985
Deferred tax assets	1,222	1,097	-
	91,950	48,866	50,572
<b>Current assets</b>			
Inventories	1,372	1,595	1,404
Trade receivables	30,065	25,024	25,236
Other receivables	10,001	11,906	6,156
Tax recoverable	2,344	2,339	2,043
Investment in unit trusts	26	29	26
Cash and cash equivalents	24,529	45,347	37,471
	68,337	86,240	72,336
<b>TOTAL ASSETS</b>	<b>160,287</b>	<b>135,106</b>	<b>122,908</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the equity holders of the parent</b>			
Share capital	65,800	65,800	65,800
Share Premium	170	170	170
Other reserves	540	(240)	-
Retained earnings	32,313	31,700	23,386
	98,823	97,430	89,356
<b>Minority interest</b>	19,396	16,240	13,628
<b>Total equity</b>	118,219	113,670	102,984
<b>Non Current Liabilities</b>			
Retirement benefits obligation	225	125	1,652
Long term borrowings	21,065	-	-
Deferred taxation	3,396	3,619	3,171
	24,686	3,744	4,823
<b>Current liabilities</b>			
Trade payables	5,438	3,368	5,382
Other payables	10,840	11,758	7,839
Short term borrowings	409	939	822
Taxation	695	1,627	1,058
	17,382	17,692	15,101
<b>Total Liabilities</b>	42,068	21,436	19,924
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>160,287</b>	<b>135,106</b>	<b>122,908</b>
<b>Net assets per share attributable to equity holders of the parent (RM)</b>	0.15	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 THIRD QUARTER ENDED 30 SEPTEMBER 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	
<b>At 1 January 2011 (Restated)</b>	65,800	170	-	23,386	89,356	13,628	102,984
Total comprehensive income for the period	-	-	855	9,977	10,832	3,718	14,550
<b>Transactions with owners :</b>							
Dividends	-	-	-	(493)	(493)	-	(493)
<b>Total transactions with owners</b>	-	-	-	(493)	(493)	-	(493)
<b>At 30 September 2011 (Restated)</b>	<b>65,800</b>	<b>170</b>	<b>855</b>	<b>32,870</b>	<b>99,695</b>	<b>17,346</b>	<b>117,041</b>
<b>At 1 January 2012 (Restated)</b>	65,800	170	(240)	31,700	97,430	16,240	113,670
Total comprehensive income for the period	-	-	780	3,613	4,393	3,156	7,549
<b>Transactions with owners :</b>							
Dividends	-	-	-	(3,000)	(3,000)	-	(3,000)
<b>Total transactions with owners</b>	-	-	-	(3,000)	(3,000)	-	(3,000)
<b>At 30 September 2012 (Restated)</b>	<b>65,800</b>	<b>170</b>	<b>540</b>	<b>32,313</b>	<b>98,823</b>	<b>19,396</b>	<b>118,219</b>

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 THIRD QUARTER ENDED 30 SEPTEMBER 2012**  
**(Unaudited)**

	<b>Cumulative Current Year Quarter 30.09.2012 RM'000</b>	<b>Cumulative Preceding Year Period 30.09.2011 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before taxation and minority interest	12,045	19,273
<b>Adjustments for :</b>		
Depreciation	3,488	2,994
Share of loss of associate	1,792	150
Amortisation of prepaid lease rental	19	19
Provision for retirement benefits obligation	100	(1,227)
Gain on disposal of property, plant & equipment; net	(686)	(133)
Net unrealised foreign exchange (gain)/loss	780	837
Finance cost	1,128	-
Profit income from deposits	(457)	(337)
<b>Operating profit before working capital changes</b>	<u>18,209</u>	<u>21,576</u>
Working capital changes :		
Increase in receivables	(3,273)	(11,798)
Decrease/(increase) in inventories and work-in-progress	223	(716)
(Increase)/decrease in payables	<u>1,152</u>	<u>(2,668)</u>
<b>Cash generated from operations</b>	16,311	6,394
Financing cost paid	(1,128)	-
Taxation paid	<u>(6,474)</u>	<u>(4,099)</u>
<b>Net cash generated from operating activities</b>	<u>8,709</u>	<u>2,295</u>
<b>Cash flows from investing activities</b>		
Net cash outflow on acquisition of a subsidiary	-	(18)
Proceeds from disposal of property, plant & equipment	-	130
Purchase of property, plant & equipment	(46,921)	(2,135)
Profit received from deposits	<u>457</u>	<u>337</u>
<b>Net cash used in investing activities</b>	<u>(46,464)</u>	<u>(1,686)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(14,063)	-
Drawdown of borrowings	34,000	29
Dividend paid	<u>(3,000)</u>	<u>(493)</u>
<b>Net cash generated from/(used in) financing activities</b>	<u>16,937</u>	<u>(464)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(20,818)	145
<b>Cash and cash equivalents at 1 January 2012/2011</b>	<u>45,347</u>	<u>37,471</u>
<b>Cash and cash equivalents at 30 September 2012/2011</b>	<u><u>24,529</u></u>	<u><u>37,616</u></u>
<b>Cash and cash equivalents :</b>		
Cash and bank balances	<u>24,529</u>	<u>37,616</u>
	<u><u>24,529</u></u>	<u><u>37,616</u></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 November 2012.

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

These condensed consolidated interim financial statements for the period ended 30 September 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, Mercur 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 regard the revalued amounts of land and buildings as deemed cost at the date of transition. The revaluation surplus of RM2,935,981 was transferred to retained earnings on the date of transition to MFRS.

(c) Investment properties

Under FRS, the Group recognised its investment properties using fair value which reflects market conditions at the reporting date. Upon transition to MFRS, the Group has elected to measure all its investment properties using the cost model under *MFRS 140 Investment Property*. At the date of transition to MFRS, the Group elected to regard the revalued amount of investment properties as deemed cost at the date of transition.

(d) Foreign currency translation reserve

Under FRS, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition to MFRS. Accordingly, at date of transition to MFRS, the cumulative foreign currency translation differences of RM345,458 were adjusted to retained earnings.

(e) 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.

The effect of the above are as follows :

	As previously reported RM	Adjustments increase/ (decrease) RM	As restated RM
<b><u>1.1.2011</u></b>			
<b>Statement of financial position</b>			
Retained earnings	20,795	2,591	23,386
Other reserves	2,591	(2,591)	-
<b><u>30.9.2011</u></b>			
<b>Statement of financial position</b>			
Investment properties	5,358	(64)	5,294
Retained earnings	30,343	2,527	32,870
Other reserves	2,591	(2,591)	-
<b>Statement of comprehensive income</b>			
Depreciation and amortisation	2,930	64	2,994
<b><u>31.12.2011</u></b>			
<b>Statement of financial position</b>			
Investment properties	5,585	(312)	5,273
Retained earnings	29,193	2,734	31,927
Other reserves	2,579	(2,819)	(240)
<b>Statement of comprehensive income</b>			
Other income	1,717	(227)	1,490
Depreciation and amortisation	3,898	85	3,983

SELECTED EXPLANATORY NOTES

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

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 3rd Quarter ended 30 September 2012.

7. Segment information

2012	Environmental Consulting & Engineering Services	Laboratory Testing Services	Waste Management Engineering	Others*	Elimination	Cumulative Quarter ended 30.9.2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>						
External revenue	39,035	22,541	3,145	-	-	64,721
Inter- segment revenue	-	2,184	-	6,091	(8,275)	-
Total revenue	<u>39,035</u>	<u>24,725</u>	<u>3,145</u>	<u>6,091</u>	<u>(8,275)</u>	<u>64,721</u>
<b>Segment Results</b>						
Segment results/ Profit from operations	7,269	12,656	(1,173)	(3,787)	-	14,965
Finance costs	-	-	-	(1,128)	-	(1,128)
Share of loss of an associate						(1,792)
Taxation						<u>(5,276)</u>
Profit After Taxation						6,769
Minority Interest						<u>(3,156)</u>
Net profit for the year						<u><u>3,613</u></u>

SELECTED EXPLANATORY NOTES

7. Segment information (cont'd)

2011	Environmental Consulting & Engineering Services	Laboratory Testing Services	Waste Management Engineering	Others*	Elimination	Cumulative Quarter ended 30.9.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>						
External revenue	40,305	20,941	4,678	-	-	65,924
Inter-segment revenue	-	2,597	-	-	(2,597)	-
Total revenue	<u>40,305</u>	<u>23,538</u>	<u>4,678</u>	<u>-</u>	<u>(2,597)</u>	<u>65,924</u>
<b>Segment Results</b>						
Segment results/ Profit from operations	10,945	11,253	(475)	(2,300)	-	19,423
Share of loss of an associate						(150)
Taxation						<u>(5,560)</u>
Profit After Taxation						13,713
Minority Interest						<u>(3,736)</u>
Net profit for the year						<u>9,977</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 :

- (a) The environmental consulting & engineering segment - providing environmental related services
- (b) The laboratory testing segment - chemical testing, consultancy service and other services of similar nature
- (c) 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 third quarter ended 30 September 2012, Environmental consulting & engineering segment contributed 60% from the total Group's revenue. Revenue decreased by 3% or RM1.2 million as compared to the preceding year corresponding period ended 30 September 2011 and 37% lower as compared to the second quarter ended 30 June 2012. The decrease was mainly due to completion of certain carried forward projects from preceding years and reduction of orders value for current year to date activities. The demand for environmental consulting and engineering services in Malaysia remains resilient, hence, despite the slight reduction in third quarter compared to the immediate preceding quarter, it is envisage that the order values for fourth quarter would rebound, hence, revenues for fourth quarter is expected to be back on track.

**Laboratory testing**

Laboratory testing segment contributed 38% of the total Group's revenue. 5% or RM1.2 million increased in revenue during the current quarter as compared to the preceding year corresponding period ended 30 September 2011 were mainly contributed by increased of revenues by its operation in Indonesia. The lab testing operation in Indonesia is driven by the growth of business run by the multinational companies operating therein.

**Waste management engineering**

Waste management engineering segment recorded a revenue of RM3.1 million or a decrease of 33% during the current quarter as compared to RM4.6 million in the preceding year corresponding quarter ended 30 September 2011. The decrease were mainly due to the completion of projects in hand carried forward from the preceeding years. The waste water treatment technology promoted by the waste management engineering segment is presently at product's introduction stage, hence, it requires some more time before it could reach the product's growth stage. Nonetheless, the waste water treatment technology possessed by the Group has high value proposition to the market , hence, it is capable to be the growth engine for the Group for sustainable income.



**SELECTED EXPLANATORY NOTES**

**7. Segment information (cont'd)**

**Consolidated profit before tax**

For the third quarter ended 30 September 2012, the Group's profit before tax (PBT) was RM12.04 million which is 37.6% lower as compared to the preceding year corresponding period ended 30 September 2011 of RM19.3 million. Reduction in PBT were mainly due to increase in depreciation cost which is attributable to the new office premise purchased by the Group during the year, recognition of unrealised forex loss by a foreign subsidiary for the amount due to the holding and related companies, provision of doubtful debts, funding costs for bank loan for the purchase of the property and share of losses of an associate.

**8. Seasonality or cyclicity**

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

**9. Income tax expense**

	Individual quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
	RM'000	RM'000	RM'000	RM'000
Taxation comprise the following :				
Current tax :				
- Malaysia Income Tax	1,104	1,516	4,538	4,970
- Foreign Tax	165	150	738	590
Tax expense	<u>1,269</u>	<u>1,666</u>	<u>5,276</u>	<u>5,560</u>

The effective tax rate for the period under review was 44% which was very high as compared to the current statutory rate of 25% due to the under provision of taxation in the previous quarter which was provided in the current quarter and also share of losses of associated company which the tax effect was not reversed.

**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		9 months ended	
	30.9.2012	30.9.2011	30.9.2012	30.9.2011
(Loss)/profit for the period (RM'000)	<u>(3,583)</u>	<u>3,729</u>	<u>3,613</u>	<u>9,977</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>(0.54)</u>	<u>0.57</u>	<u>0.55</u>	<u>1.52</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**

	<b>30.9.2012</b>	<b>31.12.2011</b>	<b>1.1.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Secured :</b>			
Short term borrowings	409	939	822
Long term borrowings	21,065	-	-
<b>Total borrowings</b>	<b>21,474</b>	<b>939</b>	<b>822</b>

**13. Dividends**

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

**14. Commitments**

	<b>30.9.2012</b>	<b>31.12.2011</b>	<b>1.1.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Capital expenditure</b>			
Approved and contracted for :			
Property, plant & equipment	819	309	9
Approved but not contracted for :			
Property, plant & equipment	2,981	2,743	2,929
	<b>3,800</b>	<b>3,052</b>	<b>2,938</b>

**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 September 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 September 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 September 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.

	<b>30.9.2012</b>	<b>31.12.2011</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
Total retained profits of the Group :		
Realised	26,653	26,040
Unrealised	3,396	2,552
	<u>30,049</u>	<u>28,592</u>
Total share of retained profits from an associate :		
Realised	-	336
Unrealised	-	-
	<u>-</u>	<u>336</u>
Add/(less) : Consolidation adjustments	141	1,079
Total Group's retained profits as per consolidated accounts	<u>30,190</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.

**30. Limited review by external auditors**

The Group's quarterly results for the third quarter ended 30 September 2012 have been reviewed by the Company's external auditors except for the comparatives, which was not been reviewed.

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

Shah Alam