

Condensed consolidated interim financial statements

For the three-month period ended 31 December 2012

Condensed Consolidated Statements of Comprehensive Income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
		Unaudited RM'000	Audited RM'000	Unaudited RM'000	Audited RM'000
Revenue	4	2,783	5,450	15,017	23,087
Cost of sales		(2,691)	(5,193)	(12,112)	(18,456)
Gross profit		92	257	2,905	4,631
Other income		192	895	564	2,540
Administrative expenses		(416)	(933)	(2,140)	(5,309)
Other operating expenses		(1,690)	(631)	(19,708)	(1,153)
Operating profit		(1,822)	(412)	(18,379)	709
Finance costs		213	419	(1,322)	(1,168)
Profit/(loss) before tax		(1,609)	7	(19,701)	(459)
Income tax expenses		360	(275)	360	(306)
Profit for the period		(1,249)	(268)	(19,341)	(765)
Profit for the period attributable to:					
Owners of the parent		(1,249)	(268)	(19,341)	(765)
		(1,249)	(268)	(19,341)	(765)
Earnings per share attributable to owners of the parent (sen per share)					
Basic	6	(0.02)	(0.01)	(0.39)	(0.02)

These condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial statements.

Condensed consolidated interim financial statements

As at 31 December 2012

Condensed Consolidated Statements of Financial Position

	Note	31 Dec 2012 Unaudited RM'000	31 December 2011 Audited RM'000	1 January 2011 Unaudited RM'000
Asset				
Non-current assets				
Property, plant and equipment		15,542	16,157	16,731
Investment properties		10,875	10,587	10,669
Other investment		-	35,942	35,942
Deferred tax assets		-	-	363
		26,417	62,686	63,705
Current assets				
Inventories		320	941	1,626
Trade and other receivables		8,724	6,459	8,946
Property held for sale		340	987	1,879
Current tax asset		120	120	32
Cash and cash equivalents		2,538	1,465	455
		12,042	9,972	12,938
Total assets		38,459	72,658	76,643

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attach to these interim financial reports.

Condensed consolidated interim financial statements

As at 31 December 2012

Condensed Consolidated Statements of Financial Position (continued)

	Note	31 Dec 2012 Unaudited RM'000	31 December 2011 Audited RM'000	1 January 2011 Unaudited RM'000
Equity and liabilities				
Equity				
Share capital		25,000	50,000	50,000
Share premium		3,473	3,473	3,473
Capital reserve		2,000	2,000	2,000
Retained earnings		(21,750)	(27,409)	(26,644)
Total equity		8,723	28,064	28,829
Non current liabilities				
Interest-bearing loans and borrowings	25	7,695	8,828	9,354
		7,695	8,828	9,354
Current liabilities				
Trade and other payables		13,974	24,970	24,234
Interest-bearing loans and borrowings	25	2,358	2,394	3,347
Income tax payable		5,487	6,879	7,787
Liabilities directly associated with properties classified as held for sale	25	222	1,523	3,092
		22,041	35,766	38,460
Total liabilities		29,736	44,594	47,814
Total equity and liabilities		38,459	72,658	76,643

These condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attach to these interim financial reports.

Condensed consolidated interim financial statements

For the year ended 31 December 2012

Condensed Consolidated Statements of Changes In Equity

	Note	Attributable to owners of the parent				Distributable Retained earnings RM'000
		Equity, total RM'000	Non-distributable		Capital reserve RM'000	
			Share capital RM'000	Share premium RM'000		
Opening balance at 1 January 2011		28,829	50,000	3,473	2,000	(26,644)
Total comprehensive loss		(765)	-	-	-	(765)
Closing balance at 31 December 2011		28,064	50,000	3,473	2,000	(27,409)
Opening balance at 1 January 2012		28,064	50,000	3,473	2,000	(27,409)
Total comprehensive loss		(19,341)		-	-	(19,341)
Capital reduction		-	(25,000)			25,000
Closing balance at 31 december 2012		8,723	25,000	3,473	2,000	(21,750)

These condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attach to these interim financial reports.

Condensed consolidated interim financial statements

For the year ended 31 December 2012

Condensed Consolidated Statements of Cash Flows

	12 months ended	
	31-Dec-12 Unaudited RM'000	31-Dec-11 Audited RM'000
Note		
Operating activities		
Profit / (Loss) before tax	(19,701)	(459)
Adjustments for:		
Bad debt written off	49	-
Depreciation of investment properties	(288)	83
Depreciation of property, plant and equipment	510	573
Loss from impairment of investment in subsidiaries	15,542	
Dividend income	-	(1,522)
Loss./(gain) on disposal of property, plant and equipment	105	(63)
(Gain)/loss on disposal of properties held for sale	(45)	6
Interest expenses	1,326	1,169
Interest income	(2)	(2)
Impairment loss on properties held for sale	-	361
Total adjustment	17,197	605
Operating cash flows before changes in working capital	(2,505)	146
<u>Changes in working capital</u>		
Decrease in inventories	621	686
(Increase)/Decrease in receivables, deposit and prepayments	(2,314)	2,194
Increase/(Decrease) in payables and accruals	(8,958)	(1,526)
Net change in intercompany balance		2,348
Total changes in working capital	(13,155)	3,848
Interest paid	(1,326)	(112)
Income taxes paid	(3,070)	(909)
	(4,396)	(1,021)
Cash flow from operations carried forward	(17,551)	2,827

These condensed consolidated of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial reports.

Condensed consolidated interim financial statements

For the year ended 31 December 2012

Condensed Consolidated Statements of Cash Flows (continued)

	12 months ended	
	31-Dec-12 Unaudited RM'000	31-Dec-11 Audited RM'000
Note		
Cash flows from operations brought forward	(17,551)	2,827
Investing activities		
Interest received	2	2
Dividend received	-	1,492
Disposal of shares, net of cash	20,400	-
Proceeds from disposal of property, plant and equipment	-	63
Proceeds from disposal of property held for sale	692	-
Net cash flows used in investing activities	21,094	1,557
Financing activities		
Net (repayment)/drawdown of loans and borrowings	(947)	(2,174)
Net cash (used in)/ generated from financing activities	(947)	(2,174)
Net increase in cash and cash equivalents	2,596	2,210
Cash and cash equivalents at 1 January	(58)	(2,268)
Cash and cash equivalents at 31 December	2,538	(58)

These condensed consolidated of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to these interim financial reports.

EXPLANATORY NOTES PURSUANT TO MFRS 134

As at 31 December 2012

1. Corporate information

PJBumi Berhad is a public limited liability company incorporated and domiciled in Malaysia , and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the board of directors on 31 December 2012.

2. First Time adoption of Malaysian Financial Reporting Standards (MFRS) .

These condensed consolidated interim financial statements, for the period ended 31 December 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 5.01B, Mercur Picorp, Lot 10, Jalan Astaka U8/84, Seksyen U8 Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.

These condensed consolidated interim financial statements are the group 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 31 December 2011. 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 2012.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2012 (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 flow is set out in Note 3 below. These notes include reconciliation 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.

EXPLANATORY NOTES PURSUANT TO MFRS 134

As at 31 December 2012

2. First Time adoption of Malaysian Financial Reporting Standards (MFRS) (continued)

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

At the date of authorization 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
MFRS 9 : Financial Instruments	1 January 2013
MFRS 10 : Consolidated Financial Statements	1 January 2013
MFRS 11 : Joint Arrangements	1 January 2013
MFRS 12 : Disclosure of Interest in Other Entities	1 January 2013
MFRS 13 : Fair Value Measurement	1 January 2013
MFRS 119 : Employee Benefits	1 January 2013
MFRS 127 : Separate Financial Statements	1 January 2013
MFRS 128 : Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1 : Government Loans	1 January 2013
Amendments to MFRS 7 : Disclosures - offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101 : Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014

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 2012 except as discussed below:

3. Significant accounting policies and application of MFRS 1 (continued)

(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

(b) Quoted equity instruments.

There was no purchase or disposal of quoted securities for the current quarter under review and financial year-to-date.

4. Segmental information

The Group's segmental report for the current quarter ended 31 December 2012 is as follows:

	Trading, Project & Manufacturing	Operation & Maintenance	Management	Solid Waste Management	Elimination	Consolidated
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>
Revenue						
-External Sales	9,204	1,656	Nil	4,157	Nil	15,017
Intersegment sales	Nil	Nil	Nil	Nil	Nil	Nil
	<u>9,204</u>	<u>1,656</u>	<u>Nil</u>	<u>4,157</u>	<u>Nil</u>	<u>15,017</u>
<hr/>						
Results						
-Segment results	(1,104)	(251)	(1,683)	201	Nil	(2,837)
Finance costs						(1,322)
Loss before taxation						(4,159)
Impairment loss of investment in subsidiaries						(15,542)
Tax Expense						360
Loss after taxation						<u>(19,341)</u>

4. Segmental information (continued)

The group is organized into business units based on their products and services, and has four operating segments as follows:

- (a) Manufacturing and sale of Fibre Reinforced plastic ('FRP'), FRP sewerage treatment plant and other FRP products.
- (b) Investment holding, solid waste management and garbage collection, area cleansing and other related business.
- (c) Provision of after-sales support services including connecting works of fibre plastic tanks and mechanical and engineering equipment, providing maintenance, upgrading and/or rectification works, desludging works and sludge treatment.
- (d) Management services and investment holding.

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.

5. Seasonality of operation

The Group's operations are not affected by any seasonal or cyclical factors

6. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares held by the company.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

6. Earnings per share (continued)

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31-Dec 2012	31-Dec 2011	31-Dec 2012	31-Dec 2011
Profit net of tax attributable to owners of the parent in the computation of earnings per share (RM'000)	(1,249)	(268)	(19,341)	(765)
Weighted average number of ordinary share in issue ('000)	25,000	50,000	25,000	50,000
Effects of dilution share options ('000)	Nil	Nil	Nil	Nil
Weighted average number of ordinary share for diluted earnings per share computation ('000)	25,000	50,000	25,000	50,000
Basic earning per share (sen per share)	-0.02	-0.01	-0.39	-0.02
Diluted earning per share (sen per share)	NA	NA	NA	NA

NA = Not applicable.

7. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows because of their nature, size and incidence during the current quarter under review and financial year-to-date, other than the proposed disposal of 12,000,000 Ordinary Shares of RM1.00 each representing 15.79% equity stake in Alam Flora Sdn Bhd for a cash consideration of RM20,400,000.00 has been completed.

8. Material changes in estimates

There were no changes in estimates that have a material effect in the current quarter under review and financial year-to-date.

9. Debts and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review and financial year-to-date.

10. Dividend

No interim ordinary dividend has been declared for the financial period ended 31 December 2012 (31 December 2011: Nil).

11. Valuation of property, plant and equipment

There is no valuation of property, plant and equipment since the last audited financial statements for the year ended 31 December 2012, other than the valuation of Lot PT 60592, HSD 35963, Bandar Sungai Petani, District Kuala Muda, Kedah. There is no change in the value since the last valuation in 2008.

12. Events after the reporting period

There were no material events subsequent to the end of the current quarter under review.

13. Change in the composition of the group

There were no changes in the composition of the Group during the current quarter under review.

14. Changes in contingent liabilities or contingent assets

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

15. Capital Commitment

There were no capital commitments as at end of the current quarter under review

16. Auditors report on preceding annual financial statements

The auditors' opinion on the Group's audited financial statements for the financial year ended 31 December 2011 was unqualified.

17. Significant related party transactions

The Group has the following transactions with related parties during the current quarter under review and financial year-to-date:-

	Individual quarter 3 months ended 31.12.2012 RM'000	Cumulative quarter 12 months ended 31.12.2012 RM'000
Project revenue billed by Progressive Uni San (M) Sdn Bhd	7,330	9,991
Internal audit fee charged by Progressive Impact Corp Bhd	-	8
Finance costs paid and payable to a director	90	146

Progressive Uni San (M) Sdn Bhd, a company incorporated in Malaysia is one of the subsidiaries of Progressive Impact Corporation Berhad, being the substantial shareholder of the Group.

The transactions with this related party are conducted in accordance with the general mandate obtained from shareholders for recurrent related party transactions.

On 28 December 2012, Progressive Impact Corporation Berhad has disposed the entire shareholding of 15,100,000 Ordinary Shares of RM0.50 each in PJBumi Berhad representing 30.2% of the total issued and paid-up Share Capital of PJBumi Berhad to EMEF Technologies Sdn Bhd for a consideration of RM0.3311 per PJBumi share totaling RM5,000,000.

18. Review of performance

For the year ended 31 December 2012, the Group has recorded revenue of RM15.017 million, which is approximately RM8.07 million or 35% lower, compared to previous year's corresponding period. Lower revenue mainly attributable by the Trading, Project & Manufacturing division which has received lower demand in respect of the SATS products especially from the government body customers as well as no refurbishment job secured in Operation & Maintenance division which the Group had in previous year's corresponding quarter. A loss contract in Solid Waste Management at Selangor area also contributing to the lower revenue recorded by the group.

The Group recorded a pretax loss of RM19.7 million against a pretax loss of RM0.459 million in previous year's corresponding period. The main contributor for the loss is due to the disposal of Alam Flora Sdn Bhd's share.

19. Comparison with preceding quarter's results

The Group recorded revenue of RM2.783 million in the current quarter compared to RM5.45 million in the preceding quarter ended 31 December 2011. The Group recorded a pretax loss of RM1.609 million in the current quarter against a pretax profit of RM7k in the preceding quarter. The main contributor for the loss in current quarter is due to the compensation paid to the staff during the restructuring exercise of RM1 million.

20. Prospect in the next financial year

The Group expects the sales and servicing of FRP tanks business segment as well as revenue from solid waste management segment to continue contributing significant results to the consolidated revenue of the Group for the next financial year.

21. Variance of actual and forecast profit

Not applicable.

22. Taxation

There was no provision for taxation or adjustment of deferred taxation during the current financial quarter.

23. Unquoted investment and/or properties

There were no sales of unquoted investment and/or properties for the current quarter under review and financial year-to-date, other than the completion of the disposal of 12,000,000 Ordinary Shares of RM1.00 each representing 15.79% equity stake in Alam Flora Sdn Bhd for a cash consideration of RM20,400,000.00.

24. Corporate proposals

- i) Capital reduction of the issued and paid-up share capital of PJBumi via the cancellation of RM0.50 in the existing par value of each ordinary share of RM1.00 each in PJBumi resulting in a new par value of RM0.50 for each ordinary share in PJBumi pursuant to section 64 of the companies act, 1965 was completed on 27 September 2012.**

24. Corporate proposals (continued)

- ii) **Proposed disposal of 12,000,000 ordinary shares of RM1.00 each representing 15.79% equity stake in Alam Flora Sdn Bhd for a cash consideration of RM20,400,000**

On 14 November 2012, the Proposed Disposal was completed.

There is no other corporate proposal that was announced and not completed.

25. Borrowing

As at 31 December 2012, the Group has the following borrowings, which are denominated in Ringgit Malaysia from various local financial institutions:-

	Secured	Total
	<u>RM'000</u>	<u>RM'000</u>
<u>Long Term Borrowings</u>		
Restructured Loans	7,695	7,695
	<u>7,695</u>	<u>7,695</u>
<u>Short Term Borrowings</u>		
Current portion of restructured loans	2,358	2,358
Liabilities associated with properties classified as held for sale:	222	222
	<u>2,580</u>	<u>2,580</u>
Total	<u>10,275</u>	<u>10,275</u>

26. “Off balance sheet” financial instrument

The Group does not have any financial instruments with off balance sheet risk as at the date of this announcement.

27. Changes in material litigation

On 12 November 2012, PJBumi Berhad was served with a Statutory Notice pursuant to Section 218 of the Companies Act, 1965 by the solicitors for Export-Import Bank of Malaysia Berhad (“EXIM Bank”) dated 31 October 2012.

EXIM Bank has requested PJBumi to pay a sum of RM13,812,711.96 based on the judgment sum due and owing to EXIM Bank pursuant to the Judgment of the High Court dated 2 May 2012 obtained against PJBumi in the Kuala Lumpur High Court Suit No. 22NCC-617-2011 and Order of the Court of Appeal dated 24 September 2012 full particulars of which are as follows:-

- a) Judgment against PJBumi for the sum amounting to RM12,119,981.43
- b) Interest at the rate of 1.31% (being EXIM Bank “Cost of Funds” rate effective as at 1 December 2010) plus 3% per annum for the sum amounting to RM12,119,981.43 beginning from 1 December 2010 until 2 May 2012 amounting to RM753,085.15.
- c) Default interest at the rate of 2% per annum for the sum amounting to RM12,119,981.43 beginning from 1 December 2010 until 2 May 2012 amounting to RM349,459.46.
- d) Interest at the rate of 8% per annum for the sum amounting to RM12,119,981.43 beginning from 3 May 2012 until 31 October 2012 amounting to RM490,185.92.
- e) Cost of the High Court Proceeding Suit No. 22NCC-617-2011 amounting to RM50,000.00 based on the Judgment dated 2 May 2012.
- f) Cost of the Court of Appeal Proceeding Appeal No. W-02(NCC)(W)-1410-06/2012 amounting to RM50,000.00 based on the Order of the Court of Appeal dated 24 September 2012.

EXIM Bank as the Plaintiff has claimed against PJBumi as the 4th Defendant as corporate guarantor in respect of the Facility Agreement dated 4th December 2006 between Seeco Engineering For Sewerage And Environmental Company Limited, the 1st Defendant (“SEECO”) and the EXIM Bank whereas PJBumi acted as one of the guarantor. PJBumi had given a corporate guarantee to SEECO in 2006. At that point of time, PJBumi was holding 60% stake in SEECO. Subsequently, PJBumi has reduced its shareholding by disposing 41% of its equity interest to Impact Forte Sdn. Bhd. The 2nd Defendant as announced on 29 March 2006. In 2008, PJBumi’s shareholding was further reduced from 19% to 7.8% since SEECO had increased its paid-up capital, thus diluting PJBumi shareholding.

27. Changes in material litigation (continued)

PJBumi is expected to suffer and estimate financial loss of approximately RM13,812,711.96 and the Company's on-going operation could be affected. PJBumi is expected to incur RM13,812,711.96 should the Company fail to make the full payment of the Judgment Sum.

PJBumi had on 24 October 2012 submitted an Application for Leave to Appeal at Federal Court, pending for hearing date for Leave to Appeal to be fixed by the Federal Court. In the mean time PJBumi will negotiate with EXIM Bank for a proposed settlement schedule.

Further to the announcement made on 14 November 2012, the Board of Directors of PJBumi, EXIM Bank via its letter dated 29 November 2012 has agreed to the company's request to put on hold on the enforcement of the Judgment until such date where the decision on the proposed settlement is obtained.

On 19 February 2013, EXIM Bank has agreed to put on hold the enforcement of the Judgment against PJBB.

28. Realized and unrealized profits/losses disclosure

The accumulated loss as at 31 December 2012 and 30 September 2012 is analyzed as follows:

	Current quarter RM'000	Immediate preceding quarter RM'000
Total accumulated loss of the Company and Subsidiaries		
- realised profit/(loss)	(1,249)	(18,067)
- unrealised loss	-	-
	(1,249)	(18,067)
Less: consolidated adjustments	-	-
Total group accumulated loss as per Consolidated financial statements	(1,249)	(18,067)

By Order of the Board

Secretary