

Condensed consolidated interim financial statements

For the three-month period ended 30 June 2013

Condensed Consolidated Statements of Comprehensive Income

	Note	Current quarter 3 months ended		Cumulative quarter 6 months ended	
		30-Jun 2013 Unaudited RM'000	30-Jun 2012 Audited RM'000	30-Jun 2013 Unaudited RM'000	30-Jun 2012 Audited RM'000
Revenue	4	3,668	4,544	6,743	8,860
Cost of sales		(2,568)	(2,463)	(4,177)	(5,571)
Gross profit		1,100	2,081	2,566	3,289
Other income		6,245	281	6,251	314
Administrative expenses		(1,292)	(1,236)	(2,132)	(2,579)
Other operating expenses		-	-	-	-
Operating profit		6,053	1,126	6,685	1,024
Finance costs		(252)	(503)	(505)	(1,047)
Profit/(loss) before tax		5,801	623	6,180	(23)
Income tax expenses		(71)	-	(290)	-
Profit for the period		5,730	623	5,890	(23)
Profit for the period attributable to:					
Owners of the parent		5,730	623	5,890	(23)
		5,730	623	5,890	(23)
Earnings per share attributable to owners of the parent (sen per share)					
Basic	6	11.46	1.25	11.78	(0.05)

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 30 June 2013

Condensed Consolidated Statements of Financial Position

Note	30-Jun 2013 Unaudited RM'000	31-Dec 2012 Audited RM'000	01-Jan 2012 Unaudited RM'000
Asset			
Non-current assets			
Property, plant and equipment	15,850	15,793	16,157
Investment properties	10,825	10,875	10,587
Other investment	-	-	35,942
	26,675	26,668	62,686
Current assets			
Inventories	430	320	941
Trade and other receivables	10,524	9,068	6,459
Property held for sale	76	76	987
Current tax asset	-	-	120
Cash and cash equivalents	853	2,481	1,465
	11,883	11,945	9,972
Total assets	38,558	38,613	72,658

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 30 June 2013

Condensed Consolidated Statements of Financial Position (continued)

	Note	30-Jun 2013 Unaudited RM'000	31-Dec 2012 Audited RM'000	01-Jan 2012 Unaudited RM'000
Equity and liabilities				
Equity				
Share capital		25,000	25,000	50,000
Share premium		3,473	3,473	3,473
Capital reserve		2,000	2,000	2,000
Retained earnings		(16,766)	(22,656)	(27,409)
Total equity		13,707	7,817	28,064
Non current liabilities				
Interest-bearing loans and borrowings	25	6,527	6,527	8,828
		6,527	6,527	8,828
Current liabilities				
Trade and other payables		7,567	13,391	22,932
Interest-bearing loans and borrowings	25	3,555	4,009	2,394
Income tax payable		6,980	6,647	8,917
Liabilities directly associated with properties classified as held for sale	25	222	222	1,523
		18,324	24,269	35,766
Total liabilities		24,851	30,796	44,594
Total equity and liabilities		38,558	38,613	72,658

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 30 June 2013

Condensed Consolidated Statements of Changes In Equity

	Note	Attributable to owners of the parent				
		Equity, total RM'000	Non-distributable			Distributable
			Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Retained earnings RM'000
Opening balance at 1 January 2013		7,817	25,000	3,473	2,000	(22,656)
Total comprehensive income		5,890	-	-	-	5,890
Closing balance at 30 June 2013		13,707	25,000	3,473	2,000	(16,766)
Opening balance at 1 January 2012		28,064	50,000	3,473	2,000	(27,409)
Total comprehensive loss		(23)		-	-	(23)
Closing balance at 30 June 2012		28,041	50,000	3,473	2,000	(27,432)

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 30 June 2013

Condensed Consolidated Statements of Cash Flows

	Note	6 months ended	
		30-Jun-13	30-Jun-12
		Unaudited RM'000	Audited RM'000
Operating activities			
Profit / (Loss) before tax		6,180	(23)
Adjustments for:			
Reversal of provision for financial guarantee		(6,245)	-
Depreciation of investment properties		50	170
Depreciation of property, plant and equipment		173	-
Interest expenses		505	1,047
Interest income		-	(1)
Total adjustment		(5,517)	1,216
Operating cash flows before changes in working capital		663	1,193
<u>Changes in working capital</u>			
(Increase)/Decrease in inventories		(110)	125
Increase in receivables, deposit and prepayments		(1,456)	(745)
Increase/(Decrease) in payables and accruals		420	(1,104)
Total changes in working capital		(483)	(531)
Interest received		-	1
Interest paid		(505)	(1,047)
Tax refund		44	-
		(461)	(1,046)
Cash flow from operations carried forward		(944)	(1,577)

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 30 June 2013

Condensed Consolidated Statements of Cash Flows (continued)

	Note	6 months ended	
		30-Jun-13 Unaudited RM'000	30-Jun-12 Audited RM'000
Cash flows from operations brought forward		(944)	(1,577)
Investing activities			
Acquisition of property, plant and equipment		(229)	-
Net cash flows used in investing activities		(229)	-
Financing activities			
Net (repayment)/drawdown of loans and borrowings		(455)	164
Net cash (used in)/ generated from financing activities		(455)	164
Net decrease in cash and cash equivalents		(1,628)	(1,413)
Cash and cash equivalents at 1 January		2,481	1,465
Cash and cash equivalents at 31 December		853	52

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 30 June 2013

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 28 August 2013

2. Adoption of Malaysian Financial Reporting Standards (MFRS) .

These condensed consolidated interim financial statements, for the period ended 30 June 2013, 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 ending on or after 31 December 2012, the group prepared its financial statements in accordance with Malaysian Financial Reporting Standards (“MFRS”).

The consolidated financial statements of the Group for the year ended 31 December 2012 which were prepared under MFRS are available upon request from the Company registered office at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

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.

EXPLANATORY NOTES PURSUANT TO MFRS 134

As at 30 June 2013

2. Adoption of Malaysian Financial Reporting Standards (MFRS) (continued)

MFRSs, Amendments to MFRSs and IC Interpretation

At the date of authorization of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation have been adopted by the Group :

	Effective for annual period beginning on or after
MFRS 9 : Financial Instruments (<i>IFRS 9 issued by IASB in November 2009 and October 2010</i>)	1 January 2015
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 (<i>as amended in June 2011</i>)	1 January 2013
MFRS 127 : Separate Financial Statements (<i>as amended by IASB in May 2011</i>)	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 2012 were prepared in accordance with MFRS. 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 30 June 2013 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	2,395	257	Nil	1,016	Nil	3,668
Intersegment sales	Nil	Nil	Nil	Nil	Nil	Nil
	<u>2,395</u>	<u>257</u>	<u>Nil</u>	<u>1,016</u>	<u>Nil</u>	<u>3,668</u>
Results						
-Segment results	697	(7)	5,585	(222)	Nil	6,053
Finance costs						(252)
Profit before taxation						5,801
Tax Expense						(71)
Profit after taxation						<u>5,730</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 6 months ended	
	30-Jun 2013	30-Jun 2012	30-Jun 2013	30-Jun 2012
Profit net of tax attributable to owners of the parent in the computation of earnings per share (RM'000)	5,730	623	5,890	(23)
Weighted average number of ordinary share in issue ('000)	50,000	50,000	50,000	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)	50,000	50,000	50,000	50,000
Basic earning per share (sen per share)	11.46	1.25	11.78	(0.05)
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.

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 30 June 2013 (30 June 2012: Nil).

11. Valuation of properties, plant and equipment

There is no valuation of properties, plant and equipment in the current quarter under review.

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 30 June 2013

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 2012 was unqualified.

17. Significant related party transactions

There were no related party transactions during the current quarter under review.

18. Review of performance

For the quarter ended 30 June 2013, the Group has recorded revenue of RM3.668 million, which is approximately RM0.876 million or 19% lower, compared to previous year's corresponding period. Lower revenue mainly attributable by the Trading, Project & Manufacturing division and Operation and maintenance 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.

The Group recorded a pretax profit of RM5.801 million against a pretax profit of RM0.623 million in previous year's corresponding period.

19. Comparison with preceding quarter's results

The Group recorded revenue of RM3.668 million in the current quarter compared to RM3.076 million in the preceding quarter ended 31 March 2013. The Group recorded a pretax profit of RM5.801 million in the current quarter against a pretax profit of RM0.16 million in the preceding quarter. The main contributor for the profit in current quarter is due to reversal of provision for corporate guarantee of RM6.246 million.

20. Prospect

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 remaining quarters of the current financial year.

21. Variance of actual and forecast profit

Not applicable.

22. Taxation

There was no 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.

24. Corporate proposals

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

25. Borrowing

As at 30 June 2013, 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	6,527	6,527
	<u>6,527</u>	<u>6,527</u>
<u>Short Term Borrowings</u>		
Current portion of restructured loans	3,554	3,554
Liabilities associated with properties classified as held for sale:	222	222
	<u>3,776</u>	<u>3,776</u>
Total	<u>10,303</u>	<u>10,303</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

1. 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 an estimated 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.

Announcement was made on 14 May 2013 informing that PJBumi has entered into a novation cum settlement agreement with EXIM Bank by novating the Company's liability to Vibrant Tactics Sdn Bhd ("VTSB"). EXIM bank has agreed to accept the settlement of Indebtedness from VTSB in the amount of RM9,000,000 by issuance of Redeemable Loan Stock Unsecured (RULS) to be redeemed in 6 years.

The Board of Directors of PJBumi on 15 May 2013 has announced the impact of the Novation Cum Settlement Agreement ("the Agreement") with Export-Import Bank of Malaysia Berhad (Company No. 719057-X) ("EXIM Bank") and Vibrant Tactic Sdn Bhd (Company NO. 938170-U) ("VTSB") on 25 April 2013.

Reduction in current liabilities arising from the Novation Cum Settlement Agreement

The Company has provided a loss of RM6,244,870 (fair value of settlement amount of RM9,000,000 to be settled in 6 years) arising from the claims by EXIM Bank during the financial year ended 31 December 2012. This has reduced the Group's equity by the same amount as at 31 December 2012.

Under the Novation Cum Settlement Agreement dated 25 April 2013, the Indebtedness is novated, absorbed and transferred to VTSB. The impact from the execution of this agreement, the Group's equity increased by RM6,244,870 in April 2013.

27. Changes in material litigation (continued)

Total Equity and Current Liabilities

For illustrative purposes only, the proforma effects of the Novation Cum Settlement Agreement on the Total Equity and Current Liabilities of the Group based on the proforma consolidated financial statements of PJBumi Group for the financial year ended 31 December 2012 and on the assumption that the Novation Cum Settlement Agreement had been effected in 2012, are as follows:

	As at 31 Dec 2012 (Audited)	Pro forma as at 31 Dec 2012
	RM '000	RM '000
EQUITY AND LIABILITIES		
Share capital	25,000	25,000
Reserves	5,473	5,473
Accumulated losses	(22,656)	(16,411)
TOTAL EQUITY	7,817	14,062
CURRENT LIABILITIES		
Provision for financial guarantees	6,245	-
Trade and other payables	7,146	7,146
Borrowings	4,009	4,009
Tax liabilities	6,647	6,647
Liabilities directly associated with properties classified as held for sale	222	222
TOTAL CURRENT LIABILITIES	24,269	18,024

27. Changes in material litigation (continued)

2. On 3 September 2010, Petronas Dagangan Berhad (“Petronas”) served the Company with Summons and Statement of Claim which was presented to the Kuala Lumpur High Court. Petronas made a claim against the Company for a sum of RM13,647,838 being cost allegedly incurred to replace the defective tanks supplied by the Company and other costs/ claims and interest that the Court may deem fit. The claim by Petronas is premised on a breach of warranty in respect of fibre tanks supplied for its petrol filling/ service stations located in Malaysia. The trial date has been postponed from 20 to 23 January 2014.

3. On 29 and 30 March 2011, arbitration hearings were held in relation to a claim by MMC Engineering Construction Sdn. Bhd. (“MMC”) against the Company for a sum of RM1,704,771. The claim by MMC is premised on an alleged contractual breach of a project known as Sewerage Treatment Plant at Tanjung Pelepas wherein the Company was appointed as a sub-contractor. The arbitration hearing was on 19 to 21 June 2013. MMC has proposed for an outside of the court settlement and the Company is working with an appointed consultant (quantity surveyor) to assess the amount of liabilities, if any.

28. Realized and unrealized profits/(losses) disclosure

The accumulated profit as at 30 June 2013 and 31 March 2013 is analyzed as follows:

	Current Quarter RM'000	Immediate preceding quarter RM'000
Total accumulated profit of the Company and Subsidiaries		
- realised profit	5,730	160
- unrealised profit	-	-
	5,730	160
Less : consolidated adjustments	-	-
Total group accumulated profit as per Consolidated financial statements	5,730	160

By Order of the Board

Secretary