

Condensed consolidated interim financial statements

For the three-month period ended 30 September 2013

Condensed Consolidated Statements of Comprehensive Income

	Note	<i>Current quarter</i>		<i>Cumulative quarter</i>	
		<i>3 months ended</i>		<i>9 months ended</i>	
		30-Sep 2013 Unaudited RM'000	30-Sep 2012 Audited RM'000	30-Sep 2013 Unaudited RM'000	30-Sep 2012 Audited RM'000
Revenue	4	7,944	3,374	14,687	12,234
Cost of sales		(4,866)	(3,849)	(9,040)	(9,421)
Gross profit		3,078	(475)	5,647	2,813
Other income		19	58	6,269	372
Administrative expenses		(1,235)	(805)	(3,370)	(1,713)
Other operating expenses		-	(16,345)	-	(18,018)
Operating profit		1,862	(17,567)	8,546	(16,546)
Finance costs		(252)	(488)	(757)	(1,535)
Profit/(loss) before tax		1,610	(18,055)	7,789	(18,081)
Income tax expenses		(599)	-	(889)	-
Profit for the period		1,011	(18,055)	6,900	(18,081)
Profit for the period attributable to:					
Owners of the parent		1,011	(18,055)	6,900	(18,081)
		1,011	(18,055)	6,900	(18,081)
Earnings per share attributable to owners of the parent (sen per share)					
Basic	6	2	(36)	14	(36)

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 September 2013

Condensed Consolidated Statements of Financial Position

Note	30-Sep 2013 Unaudited RM'000	31-Dec 2012 Audited RM'000	01-Jan 2012 Unaudited RM'000
Asset			
Non-current assets			
Property, plant and equipment	15,763	15,793	16,157
Investment properties	10,801	10,875	10,587
Other investment	-	-	35,942
	26,564	26,668	62,686
Current assets			
Inventories	375	320	941
Trade and other receivables	12,947	9,068	6,459
Property held for sale	76	76	987
Current tax asset	-	-	120
Cash and cash equivalents	653	2,481	1,465
	14,051	11,945	9,972
Total assets	40,615	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 September 2013

Condensed Consolidated Statements of Financial Position (continued)

	Note	30-Sep 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		(15,756)	(22,656)	(27,409)
Total equity		14,717	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		8,204	13,391	22,932
Interest-bearing loans and borrowings	25	3,889	4,009	2,394
Income tax payable		7,278	6,647	8,917
Liabilities directly associated with properties classified as held for sale	25	-	222	1,523
		19,371	24,269	35,766
Total liabilities		25,898	30,796	44,594
Total equity and liabilities		40,615	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 September 2013

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 2013		7,817	25,000	3,473	2,000	(22,656)
Total comprehensive income		6,900	-	-	-	6,900
Closing balance at 30 September 2013		14,717	25,000	3,473	2,000	(15,756)
Opening balance at 1 January 2012		28,064	50,000	3,473	2,000	(27,409)
Total comprehensive loss		(18,081)	(25,000)	-	-	6,919
Closing balance at 30 September 2012		9,983	25,000	3,473	2,000	(20,490)

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 September 2013

Condensed Consolidated Statements of Cash Flows

	Note	9 months ended	
		30-Sep-13	30-Sep-12
		Unaudited RM'000	Audited RM'000
Operating activities			
Profit / (Loss) before tax		7,789	(18,081)
Adjustments for:			
Reversal of provision for financial guarantee		(6,245)	-
Depreciation of investment properties		74	-
Depreciation of property, plant and equipment		267	323
Interest expenses		757	1,535
Interest income		-	(1)
Total adjustment		(5,147)	1,857
Operating cash flows before changes in working capital		2,642	(16,224)
<u>Changes in working capital</u>			
(Increase)/Decrease in inventories		(55)	878
Decrease in receivables, deposit and prepayments		(3,879)	(47)
Increase in payables and accruals		1,058	2,280
Total changes in working capital		(234)	(13,113)
Interest received		-	1
Interest paid		(757)	(1,535)
Tax paid		(302)	-
Tax refund		44	-
		(1,015)	(1,534)
Cash flow from operations carried forward		(1,249)	(14,647)

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 September 2013

Condensed Consolidated Statements of Cash Flows (continued)

	Note	9 months ended	
		30-Sep-13 Unaudited RM'000	30-Sep-12 Audited RM'000
Cash flows from operations brought forward		(1,249)	(14,647)
Investing activities			
Acquisition of property, plant and equipment		(237)	-
Impairment loss in disposal of share		-	15,542
Net cash flows used in investing activities		(237)	15,542
Financing activities			
Net repayment of loans and borrowings		(342)	(146)
Net cash (used in)/ generated from financing activities		(342)	(146)
Net increase in cash and cash equivalents		(1,828)	751
Cash and cash equivalents at 1 January		2,481	(2,145)
Cash and cash equivalents at 30 September		653	(1,394)

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 September 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 27 November 2013

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

These condensed consolidated interim financial statements, for the period ended 30 September 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 September 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 September 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	895	552	Nil	6,497	Nil	7,944
Intersegment sales	Nil	Nil	Nil	Nil	Nil	Nil
	<u>895</u>	<u>552</u>	<u>Nil</u>	<u>6,497</u>	<u>Nil</u>	<u>7,944</u>
Results						
-Segment results	(88)	81	(811)	2,680	Nil	1,862
Finance costs						(252)
Profit before taxation						1,610
Tax Expense						(599)
Profit after taxation						<u><u>1,011</u></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		Cumulative quarter	
	3 months ended		9 months ended	
	30-Sep 2013	30-Sep 2012	30-Sep 2013	30-Sep 2012
Profit net of tax attributable to owners of the parent in the computation of earnings per share (RM'000)	1,011	(18,055)	6,900	(18,081)
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)	2	(36)	14	(36)
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 September 2013 (30 September 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 September 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 September 2013, the Group has recorded revenue of RM7.944 million, which is approximately RM4.570 million or 135% higher, compared to previous year's corresponding period. Higher revenue mainly attributable by the solid waste management division due to the changes of rates for the solid waste cleansing and collection services.

The Group recorded a pretax profit of RM1.610 million against a pretax loss of RM18.055 in previous year's corresponding period.

19. Comparison with preceding quarter's results

The Group recorded revenue of RM7.944 million in the current quarter compared to RM3.668 million in the preceding quarter ended 30 June 2013. The Group recorded a pretax profit of RM1.610 million in the current quarter against a pretax profit of RM5.801 million in the preceding quarter. The main contributor for the profit in preceding quarter is due to reversal of provision for corporate guarantee of RM6.24 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 September 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	3,889	3,889
Liabilities associated with properties classified as held for sale:	-	-
	<u>3,889</u>	<u>3,889</u>
Total	<u>10,416</u>	<u>10,416</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	<u>7,817</u>	<u>14,062</u>
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	<u>24,269</u> =====	<u>18,024</u> =====

27. **Changes in material litigation (continued)**

Total Equity and Current Liabilities – (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 had been completed on 19 to 21 June 2013 and the outcome of the arbitration will be in January 2014. MMC has proposed for on outside of the court settlement and the company is working with an appointed quantity surveyor to access the amount of liabilities, if any.

28. **Realized and unrealized profits/losses disclosure**

The accumulated loss as at 30 September 2013 and 30 June 2013 is analyzed as follows:

	Current Quarter RM'000	Immediate preceding quarter RM'000
Total accumulated profit of the Company and Subsidiaries		
- realised profit	1,011	5,730
- unrealised loss	-	-
	1,011	5,730
Less : consolidated adjustments		
Total group accumulated profit as per Consolidated financial statements	1,011	5,730

By Order of the Board

Secretary