

Condensed consolidated interim financial statements

For the three-month period ended 31 December 2013

Condensed Consolidated Statements of Comprehensive Income

	Note	Current quarter 3 months ended		Cumulative quarter 12 months ended	
		31-Dec 2013	31-Dec 2012	31-Dec 2013	31-Dec 2012
		Unaudited RM'000	Audited RM'000	Unaudited RM'000	Audited RM'000
Revenue	4	5,411	5,079	20,098	17,313
Cost of sales		(3,385)	(1,523)	(12,425)	(10,944)
Gross profit		2,026	3,556	7,673	6,369
Other income		166	143	6,435	515
Administrative expenses		(4,396)	(3,458)	(7,767)	(23,189)
Other operating expenses		(540)	(1,862)	(540)	(1,862)
Operating profit/(loss)		(2,744)	(1,621)	5,801	(18,167)
Finance costs		115	245	(642)	(1,290)
Profit/(loss) before tax		(2,629)	(1,376)	5,159	(19,457)
Income tax expenses		(999)	(790)	(1,888)	(790)
Profit/(loss) for the period		(3,628)	(2,166)	3,271	(20,247)
Profit/(loss) for the period attributable to:					
Owners of the parent		(3,628)	(2,166)	3,271	(20,247)
		(3,628)	(2,166)	3,271	(20,247)
Earnings per share attributable to owners of the parent (sen per share)					
Basic	6	(7)	(4)	7	(40)

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 2013

Condensed Consolidated Statements of Financial Position

	Note	31-Dec 2013 Unaudited RM'000	31-Dec 2012 Audited RM'000	01-Jan 2012 Unaudited RM'000
Asset				
Non-current assets				
Property, plant and equipment		15,690	15,793	16,157
Investment properties		10,776	10,875	10,587
Other investment		-	-	35,942
		26,466	26,668	62,686
Current assets				
Inventories		316	320	941
Trade and other receivables		10,215	9,068	6,459
Property held for sale		76	76	987
Current tax asset		-	-	120
Cash and cash equivalents		555	2,481	1,465
		11,162	11,945	9,972
Total assets		37,628	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 31 December 2013

Condensed Consolidated Statements of Financial Position (continued)

	Note	31-Dec 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		(19,385)	(22,656)	(27,409)
Total equity		11,088	7,817	28,064
Non current liabilities				
Interest-bearing loans and borrowings	25	8,947	6,527	8,828
		8,947	6,527	8,828
Current liabilities				
Trade and other payables		8,323	13,391	22,932
Interest-bearing loans and borrowings	25	1,214	4,009	2,394
Income tax payable		8,056	6,647	8,917
Liabilities directly associated with properties classified as held for sale	25	-	222	1,523
		17,593	24,269	35,766
Total liabilities		26,540	30,796	44,594
Total equity and liabilities		37,628	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 31 December 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 profit		3,271	-	-	-	3,271
Closing balance at 31 December 2013		11,088	25,000	3,473	2,000	(19,385)
Opening balance at 1 January 2012		28,064	50,000	3,473	2,000	(27,409)
Total comprehensive loss		(20,247)	-	-	-	(20,247)
Capital reduction		-	(25,000)	-	-	25,000
Closing balance at 31 December 2012		7,817	25,000	3,473	2,000	(22,656)

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 2013

Condensed Consolidated Statements of Cash Flows

Note	RM'000	RM'000
Operating activities		
Profit / (Loss) before tax	5,159	(19,457)
Adjustments for:		
Allowance for doubtful debts	540	1,176
Reversal of impairment loss on investment properties	-	(388)
Property, plant and equipment written off	-	117
Reversal of provision for financial guarantee	(6,245)	6,245
Depreciation of investment properties	99	100
Depreciation of property, plant and equipment	357	511
Loss on disposal of other investment	-	15,542
Loss on disposal of property, plant and equipment	-	6
Loss on disposal of properties held for sale	-	(45)
Interest expenses	642	1,290
Interest expense	-	2
Interest income	-	(2)
Total adjustment	(4,607)	24,554
Operating cash flows before changes in working capital	552	5,097
Changes in working capital		
(Increase)/Decrease in inventories	5	621
Decrease in receivables, deposit and prepayments	(2,656)	(3,785)
(Decrease)/Increase in payables and accruals	2,146	(15,786)
Total changes in working capital	47	(13,853)
Interest paid	(642)	(604)
Tax paid	(523)	(3,180)
Tax refund	44	-
	(1,121)	(3,784)
Cash flow from operations carried forward	(1,074)	(17,637)

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 2013

Condensed Consolidated Statements of Cash Flows (continued)

	12 months ended	
	31-Dec-13	31-Dec-12
	Unaudited RM'000	Audited RM'000
Note		
Cash flows from operations brought forward	(1,074)	(17,637)
Investing activities		
Acquisition of property, plant and equipment	(254)	(14)
Disposal of shares, net of cash	-	20,400
Proceeds from disposal of property, plant and equipment	-	8
Impairment loss in disposal of share	-	692
Interest received	-	2
Net cash flows used in investing activities	(254)	21,088
Financing activities		
Net repayment of loans and borrowings	(598)	(912)
Net cash (used in)/ generated from financing activities	(598)	(912)
Net increase in cash and cash equivalents	(1,926)	2,539
Cash and cash equivalents at 1 January	2,481	(58)
Cash and cash equivalents at 30 September	555	2,481

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 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 February 2014.

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

These condensed consolidated interim financial statements, for the period ended 31 December 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 31 December 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 31 December 2013 is as follows:

	Trading, Project & Manufacturing	Operation & Maintenance	Management	Solid Waste Management	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000		RM'000
Revenue						
-External Sales	5,641	1,168	Nil	13,289	Nil	20,098
Intersegment sales	Nil	Nil	Nil	Nil	Nil	Nil
	5,641	1,168	Nil	13,289	Nil	20,098
Results						
-Segment results	299	(61)	1,926	4,743	(1,105)	5,801
Finance costs						(642)
Profit before taxation						5,160
Tax Expense						(1,888)
Loss after taxation						3,271

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 2013	31-Dec 2012	31-Dec 2013	31-Dec 2012
Profit net of tax attributable to owners of the parent in the computation of earnings per share (RM'000)	(3,628)	(2,166)	3,271	(20,247)
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)	(7)	(4)	7	(40)
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 31 December 2013 (31 December 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

On 25 April 2013, the Company has entered a Novation cum Settlement agreement with Export-Import Bank of Malaysia Berhad (“EXIM”) and Vibrant Tactic Sdn Bhd (“VTSB”).

Under the agreement, VTSB assumed the obligations of the Company in respect of the financial guarantee to an affiliated company by issuing RM9 million face value of zero coupon redeemable unsecured loan stocks (“RULS”) to EXIM. The RULS mature in progressive annual tranches commencing 15 December 2013 up to 15 December 2018. In the event VTSB defaults on the terms of the arrangement, EXIM reserves the right to enforce the judgment of the High Court against the Company.

The first redemption of RM1 million was successfully made by EXIM on 12 December 2013.

15. Capital Commitment

At the balance sheet date, the Group and the Company have a commitment of RM1 million for the acquisition of property, plant and equipment.

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 31 December 2013, the Group has recorded revenue of RM5.411 million, which is approximately RM0.332 million or 7% 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 loss of RM3.628 million against a pretax loss of RM1.376 million in previous year's corresponding period.

19. Comparison with preceding quarter's results

The Group recorded revenue of RM5.411 million in the current quarter compared to RM7.944 million in the preceding quarter ended 30 September 2013. The Group recorded a pretax loss of RM3.628 million in the current quarter against a pretax profit of RM1.610 million in the preceding quarter. The main contributor for the loss in the current quarter is due to corporate guarantee of RM1 million and RM0.25 million as part of settlement to MMC Engineering and Construction Sdn Bhd as disclosed in Note 27(2).

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 next 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 31 December 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	8,947	8,947
	<u>8,947</u>	<u>8,947</u>
<u>Short Term Borrowings</u>		
Current portion of restructured loans	1,214	1,214
	<u>1,214</u>	<u>1,214</u>
	<u>10,161</u>	<u>10,161</u>
Total	10,161	10,161

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

Total Equity and Current Liabilities – (continued)

1. 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 to 21 until 23 May 2014 and 26 until 28 May 2014.

2. 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. After negotiation, on 4 December 2013, MMC has agreed to accept RM750,000 as full and final settlement.

28. Realized and unrealized profits/losses disclosure

The accumulated (loss)/profit as at 31 December 2013 and 30 September 2013 is analyzed as follows:

	Current Quarter RM'000	Immediate preceding quarter RM'000
Total accumulated profit of the Company and Subsidiaries		
- realised (loss)/profit	(3,628)	1,011
- unrealised loss	-	-
	<u>(3,628)</u>	<u>1,011</u>
Less : consolidated adjustments		
Total group accumulated profit as per Consolidated financial statements	<u>(3,628)</u>	<u>1,011</u>

By Order of the Board

Secretary