


# *Growth and Sustainability*





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# *Vision & Mission*

To be a world class total  
environmental solution provider

VISION

MISSION

At PJBumi we are committed to upholding a proud tradition of being the country's leading integrated provider of products and services relating to the efficient and effective management of our environment. In addition to our aim to provide continuous and outstanding cost effective services to our customers nationwide, we remain steadfast in our social responsibility to contribute back to the community in order to ensure the existence of a more caring and responsive society.

# CORPORATE INFORMATION



## BOARD OF DIRECTORS

### ABDUL RAHMAN BIN HAJI SIRAJ

*Independent Non-Executive / Chairman  
(Appointed w.e.f 22.2.2013)  
(Appointed as Chairman w.e.f  
27.11.2013)*

### MOHD MAHYUDIN BIN ZAINAL

*Non-Independent Non-Executive  
(Appointed w.e.f 15.1.2013)*

### AHMAD BIN MD DAUD

*Independent Non-Executive  
(Appointed w.e.f 8.2.2013)*

### MUSTAFA BIN IBRAHIM

*Independent Non-Executive  
(Resigned w.e.f 27.11.2013)*

### NIK MD NOR SUHAIMI BIN NIK IBRAHIM

*Independent Non- Executive  
(Appointed w.e.f 26.4.2013)*

## AUDIT COMMITTEE

### Chairman

**Ahmad Bin Md Daud**

### Members

**Abdul Rahman Bin Haji Siraj  
Mohd Mahyudin Bin Zainal**

## NOMINATION COMMITTEE

### Chairman

**Nik Md Nor Suhaimi Bin Nik Ibrahim**

### Members

**Abdul Rahman Bin Haji Siraj  
Ahmad Bin Md Daud**

## REMUNERATION COMMITTEE

### Chairman

**Mohd Mahyudin Bin Zainal**

### Members

**Ahmad Bin Md Daud  
Nik Md Nor Suhaimi Bin Nik Ibrahim**

## EXECUTIVE COMMITTEE

### Chairman

**Mohd Mahyudin Bin Zainal**

### Members

**Ahmad Bin Md Daud  
Mohamed Nasir Bin Wan Idrus**

## PRINCIPAL OFFICERS

**Mohamed Nasir Bin Wan Idrus**  
Group Chief Executive Officer

**Hisham Bin Bakar**  
Group Financial Controller

## COMPANY SECRETARIES

**Lim Seck Wah**  
(MAICSA 0799845)

**M. Chandrasegaran A/L  
S. Murugasu**  
(MAICSA NO.: 0781031)

## REGISTERED OFFICE

Level 15-2,  
Bangunan Faber Imperial Court,  
Jalan Sultan Ismail,  
P.O Box 12337  
50774 Kuala Lumpur  
Tel : 03-2692 4271  
Fax : 03-2732 5388/5399

## SHARE REGISTRAR

### Mega Corporate Services Sdn Bhd

(Company No.: 187984 H)  
Level 15-2,  
Bangunan Faber Imperial Court,  
Jalan Sultan Ismail,  
P.O Box 12337  
50774 Kuala Lumpur  
Tel : 03-2692 4271  
Fax : 03-2732 5388

## AUDITORS

### Messrs Afrizan Tarmili Khairul Azhar ("AFTAAS")

### Chartered Accountants

Aftaas, 2, Jalan Rampai Niaga 2,  
Rampai Business Park,  
53300 Kuala Lumpur.  
Tel : 03-4143 9330  
Fax : 03-4142 9330

## STOCK EXCHANGE LISTING

**Main Market of  
Bursa Malaysia Securities Berhad**  
STOCK CODE: PJBUMI  
STOCK NUMBER: 7163

## PRINCIPAL BANKERS

**Ambank (M) Berhad** (8515 D)  
**RHB Bank Berhad** (6171 M)  
**CIMB Bank Berhad** (13491 P)  
**Malayan Banking Berhad** (3813 K)  
**Bank Muamalat Malaysia Berhad**  
(6175 W)

# Corporate Structure

**PJBUMI BERHAD**  
(141537-M)

**100%**  
PJBUMI  
COMPOSITES  
SDN BHD

**100%**  
PJBUMI  
SERVICES  
SDN BHD

**100%**  
PJBUMI WASTE  
MANAGEMENT  
SDN BHD

**100%**  
PJBUMI  
RESOURCES  
SDN BHD

**100%**  
PJBUMI  
CONSTRUCTION  
SDN BHD

# DIRECTORS' AND CEO'S PROFILE



**ABDUL RAHMAN BIN  
HAJI SIRAJ**  
55, Malaysian

*Independent Non-Executive Director  
Chairman of Board of Directors  
Member of the Audit Committee  
Member of the Nomination Committee*

He joined the Board on 22 February 2013 as an Independent Non-Executive Director and subsequently appointed as Chairman of the Board on 27 November 2013. He graduated with Bachelor of Accounting (Hons) Degree from University Kebangsaan Malaysia. He is a member of the Malaysian Institute of Accountants.

He has served Texaco Exploration Inc. (Texas) as Chief Accountant from 1983 to 1994. While in Texaco, he served in various countries both in Latin America and Asia and was given the task of overseeing the entire offshore and exploration accounting system. His last appointment in Texaco was in Tashkent, Uzbekistan. He subsequently joined Khazanah Nasional Bhd as General Manager in 1995 and was given the task of overseeing Khazanah's new investment programme both locally and overseas. He served Khazanah for two (2) years and later joined Intria Bhd as its Director for Business Development. In 1997, he was appointed Chief Executive Officer of KBI (Malaysia) Bhd, a position he held for three (3) years until September 2000. Thereafter, he was appointed as the Chief Executive Officer of Taliworks Corporation Berhad, a position he held until 2009. Currently, he is a Freelance Business Consultant.

He does not hold any directorship in other public listed company. He does not hold any shares in PJBumi Berhad and does not have any family relationship with its directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past ten (10) years except for traffic offences, if any.

He joined the Board on 15 January 2013. He graduated with Bachelor of Law Degree LLB (Hons) from Universiti Kebangsaan Malaysia. He was admitted as Advocate & Solicitor of High Court of Malaya in 1994.

He is presently a director and shareholder of China Media Group Corporation. He has extensive experience in many spheres of law including commercial litigation, conveyancing and corporate legal practice. He has been involved in large scale of corporate restructuring exercise involving corporate restructuring, mergers and acquisitions of public listed companies locally and also acquisitions of foreign companies in South East Asia. He was directly involved in the listing of Mutiara Goodyear Development Berhad on the Main Board of Bursa Malaysia and the restructuring of Idaman Unggul Berhad (formerly known as Idris Hydraulic (M) Berhad). He was also directly involved in the establishment of Tahan Insurance Berhad, via merger of three insurance companies namely Talasco Insurance Berhad, Tenaga Insurance Berhad and People Insurance Berhad.

Prior to joining ECE Technologies in August 2008, he was the Chief Executive Officer / President of WWWCable Berhad. He was involved in various industries such as manufacturing, property development, construction, financial and insurance and also an Executive Director and Director of several public listed companies namely Idaman Unggul Berhad (formerly known as Idris Hydraulic (M) Berhad), Mutiara Goodyear Development Berhad, Sern Kou Resources Berhad, Tap Resources Berhad, Talasco Insurance Berhad, People Insurance Berhad and Tahan Insurance Berhad.

He has no family relationship with other directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past ten (10) years except for the traffic offences, if any.



**MOHD MAHYUDIN BIN  
ZAINAL**  
45, Malaysian

*Non-Independent Non-Executive Director  
Chairman of the Remuneration Committee  
Chairman of the Executive Committee  
Member of the Audit Committee*



## DIRECTORS' AND CEO'S PROFILE



**AHMAD BIN MD DAUD**  
60, Malaysian

*Independent Non-Executive Director  
Chairman of the Audit Committee  
Member of the Remuneration Committee  
Member of the Nomination Committee  
Member of the Executive Committee*

He joined the Board on 8 February 2013 as an Independent Non-Executive Director. He graduated with Master in Business Administration from University Technology Mara (UiTM) in 2000 and Diploma in Electrical and Electronics Engineering from University Technology Mara (ITM) in 1976.

He started his career as Process Engineer with National Semiconductor Sdn Bhd and later joined Texas Instruments Malaysia Sdn Bhd as Process Control Engineer involved in semiconductor assembly. In January 1983, he joined Bank Pembangunan Malaysia Berhad and was posted into various positions carrying out various duties from technical evaluation, project rehabilitation, project appraisal, entrepreneurial development, branch operation to risk management. His last position was as an Assistant Vice President, Operational Risk Management before he opted for early retirement in December 2010. Presently, he is the Managing Director of AMD Agrofarm Sdn Bhd which is involved in livestock quarantine services and import of cattle for local market. He is also the Chairman of Persatuan Pengimpot Perternak dan Pengusaha Ternakan Ruminan Negeri Kedah. In 2004, he was bestowed with Pingat Khidmat Cemerlang Masyarakat by Yang DiPertuan Negeri Sembilan.

He does not hold any directorship in other public companies. He does not hold any shares in PJBumi Berhad and does not have any family relationship with its directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past ten (10) years except for traffic offences, if any.

He joined the Board on 26 April 2013 as an Independent Non-Executive Director. He graduated with a Bachelor of Science majoring in Finance from Northern Illinois University Dekalb, Illinois, USA in 1982 and Diploma in Banking Studies from Institute Technology Mara (ITM) in 1978.

He started his career in 1978 with Malayan Banking Berhad and later joined Maybank Investment Bank in 1991 holding various positions and thereafter moved back to Malayan Banking Berhad in 2003 and remained with the Bank until August 2012. Presently, he is a freelance business consultant.

He does not hold any directorship in other public companies. He does not hold any shares in PJBumi Berhad and does not have any family relationship with its directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past ten (10) years except for traffic offences, if any.

He does not hold any directorship in other public companies. He does not hold any shares in PJBumi Berhad and does not have any family relationship with its directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past ten (10) years except for traffic offences, if any.



**NIK MD NOR SUHAIMI  
BIN NIK IBRAHIM**  
57, Malaysian

*Independent Non-Executive Director  
Chairman of the Nomination Committee  
Member of the Remuneration Committee*



**MOHAMED NASIR BIN  
WAN IDRUS**  
52, Malaysian

*Group Chief Executive Officer*

Mohamed Nasir joined the Company on 1 January 2013 as its Chief Executive Officer. He graduated with a Bachelor of Engineering (Mechanical) from the University of Queensland, Australia.

He started his career with Perwaja Steel Sdn Bhd in 1985 and the last position he held was as Deputy Corporate Director (Kemaman Operations). In 1998, he joined Golden Hope Plantation Berhad as General Manager (CEO). From November 2007 until May 2011 he was with Alam Flora Sdn Bhd as its General Manager, Operations. He then joined Progressive Impact Corporation Berhad as its Chief Operation Officer until December 2012.

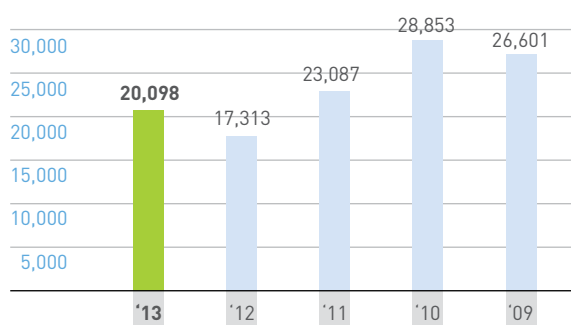
He does not hold any directorship in other public companies. He does not hold any shares in PJBumi Berhad and does not have any family relationship with its directors or major shareholders. He has no conflict of interest with PJBumi and has no convictions of offences within the past ten (10) years except for traffic offences, if any.

# FIVE-YEAR FINANCIAL STATISTICS (GROUP)

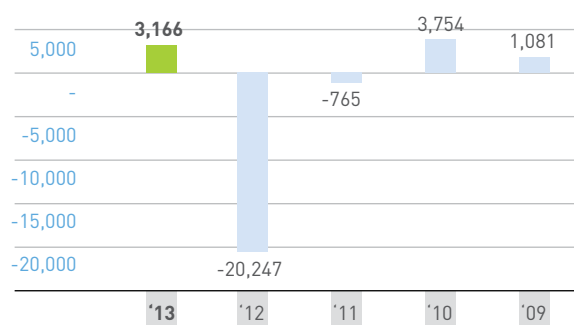


	2013	2012	2011	2010	2009
REVENUE (RM'000)	20,098	17,313	23,087	28,853	26,601
NET PROFIT/(LOSS) FOR THE YEAR (RM'000)	3,166	-20,247	-765	3,754	1,081
LIQUIDITY: Current Ratio	0.58	0.49	0.29	0.33	0.54
PROFITABILITY:					
Operating Expenses Ratio (%)	52	145	28	37	63
Operating Profit Margin (%)	30	-105	-3	13	4
Return on Capital Employed (%)	30	-127	13	13	4
BASIC EARNINGS PER SHARE (SEN)	6.33	-40.49	-1.53	7.51	2.16
NET ASSET PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (RM)	0.23	0.16	0.51	0.58	0.50
SHARE PRICES AS AT 31 DECEMBER (RM)	0.20	0.31	0.21	0.21	0.32
SEGMENTAL REVENUE (RM'000):					
Manufacturing & Composites	5,146	8,629	13,758	16,237	13,014
Construction, Maintenance & Design	1,663	1,656	1,887	4,549	4,344
Waste Management Services	13,289	7,028	7,442	8,067	9,243

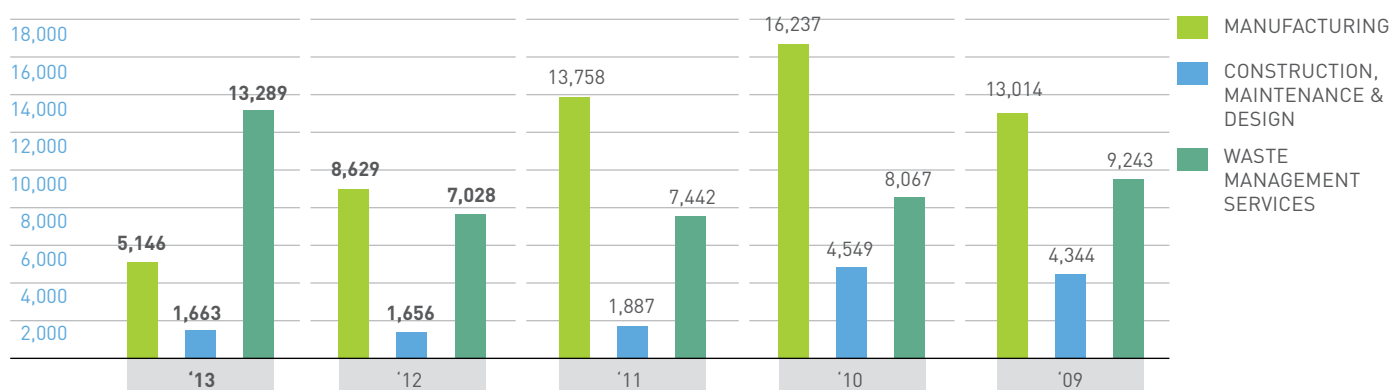
YEARLY PERFORMANCE OF GROUP'S  
REVENUE (RM'000)



YEARLY PERFORMANCE OF GROUP'S  
PROFITABILITY (RM'000)



SEGMENTAL REVENUE (RM'000)





# Chairman's Statement



**ABDUL RAHMAN BIN  
HAJI SIRAJ**  
Chairman

## DEAR VALUED SHAREHOLDERS,

Despite the challenges faced in 2013, the Group has remained focus on its long term objective to continuously deliver value to its shareholders by continuing leverage on core competencies and develop the skill base in package sewerage treatment plants system and waste management services.

On the positive note the Group will continue to focus on the business turn around strategy and accelerate its growth in the highly profitable business segment such as operation and maintenance of sewerage treatment plant, retrofitting and upgrading of existing sewerage treatment plants in order to increase the revenue.

On this note, I am pleased to present the Annual Report of PJBumi Berhad ("the Company") and its group of companies ("the Group") for the financial year ended 31 December 2013.

# CHAIRMAN'S STATEMENT



## FINANCIAL PERFORMANCE

The Group's revenue for the year increased to RM20.10 million, representing a 16% increase from RM17.31 million in the previous year. This improvement was due to contributions from the Waste Management Services sector and the Composites & Manufacturing sector, each contributed 66% and 26% to the Group's revenue for the year.

The Group's gross profit excluding administrative, overhead and finance cost, had improved by 20% to RM7.67 million as compared to RM6.37 million in the previous year. The Group recorded a profit after tax of RM3.17 million for the year compared with a net loss of RM20.25 million in the last financial year which was contributed mainly by the divestment of the Group's entire equity stake in Alam Flora Sdn Bhd.

## BUSINESS GROWTH

As an integrated sewerage and solid waste management system specialist, we have taken steps to develop this segment of our business on the area of operation and maintenance of sewage treatment plants and waste management services that will increase the Group's revenue and profitability. In addition, the Group will focus on expanding our facilities management and securing more projects that will give greater opportunity for our future business growth and these would include projects on waste management, operating waste management transfer station, landfill operation maintenance and general M&E work.

## FUTURE PLAN

Uncertainties and challenges lie ahead for the Group in the coming year. To counteract, the Group will leverage on its resilience and continuously engage with our customers, business partners and relevant stakeholders as well as our employees to seize the business opportunities that will propel the Group into a better future and subsequently enable the Group to deliver enhanced value to shareholders.

The Group will continue to adhere to its determinants for improvement in financial results and cashflow and business performance and restructure its debts. Our future plans include embarking into business expansion in construction and renewable energy which will ensure that the Group continues to deliver at the expectation of all stakeholders and expect a greater demand from our customers, especially when resolving environmental issues become urgent and important.

## CORPORATE SOCIAL RESPONSIBILITY

As a responsible corporate citizen and to ensure sustainable growth of the Group's business, the Board and Management will continue to put in place responsible business practices that impact positively to our many stakeholders, customers, employees, shareholders and the communities and environment in which we operate.

Most importantly, the Board and Management will give due consideration to the interest of the Group's stakeholders and ensure that all business objectives are pursued with integrity, forward thinking and in full compliance with the law.

## CORPORATE GOVERNANCE AND INVESTOR RELATIONS

The Group remains committed to uphold and maintain its good corporate governance track record through timely reporting and constant communications with the various stakeholders at all levels.

## DIVIDEND

In view of the Group's cash flow position, the Board does not recommend the payment of any dividend for the financial year ended 31 December 2013.

## APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I would like to express our appreciation to all our employees for their loyalty, support and commitment in developing the Group throughout the year during our difficult and unprecedented market conditions.

I would like to thank our customers, suppliers, bankers, business associates and other stakeholders for their support and loyalty and look forward to their continued trust and support.

Special thanks go to our valued shareholders for your support and confidence in the Company, especially during this difficult and challenging period. With your continuous support, we hope to realize the Company's Vision and Mission under the business transformation plan.

Thank you.

ABDUL RAHMAN BIN HAJI SIRAJ  
Chairman

# 2013 Operations Review



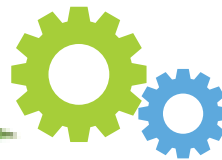
IN 2013 PJBUMI HAS CONTINUOUSLY ENHANCED THESE 5- PARADIGMS TO SUSTAIN ITS BUSINESS PERFORMANCE IN A COMPETITIVE AND UNCERTAIN MARKET VOLATILITY. MOVING FORWARDS, WE WILL CONTINUE TO REVISIT THE 5-PARADIGM STRATEGY AND REFINED FURTHER TO CATER FOR FUTURE GROWTH AND NEW MARKET SCENARIO.



## 2013 OPERATIONS REVIEW



PEOPLE



PROCESS



PERFORMANCE

People are core asset of PJBumi. It has been our goal to connect, attract and retain the best people, whose efforts, skills and judgments can be leveraged in improving our business process and maximize the Company's performance. We continued to organize various trainings and motivation programs for our people across the board for continuous improvement in a challenging time.

# *Corporate Social Responsibility*



# CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility ("CSR") has emerged over recent years as a significant theme in the business community and has gradually become the mainstream activity for PJBumi to be sustainable and in adherence to the good corporate governance practices.

Over the years, the Group of companies under PJBumi have been actively involved in activities aimed at supporting the community. Our commitment to CSR is embedded in our core values and represents our belief that as a company and individual, we have a responsibility to give back in whichever way we can to the community. Our CSR practice is to drive and engage with all stakeholders consisting of shareholders, customers, employees and their families, as well as the community we live in.

Our CSR initiatives are mainly carried out by the operating subsidiaries as they constitute the people constantly in contact with the market place and the community at large. PJBumi and the business community share a common goal, to provide a safe, clean and healthy workplace as well as environment and to promote attractive businesses and collaboration with industry partners in achieving mutually beneficial goals.

As part of our ongoing corporate obligation, the CSR activities that have been carried out for the Group of PJBumi during the year are as follows :-

## THE WORK PLACE

PJBumi operating companies acknowledge the importance of human resources in helping them to succeed and recognize that employees are the key to the Group's success. Hence, providing a succession plan and training to groom future leaders as well as extending educational assistance are important considerations to motivate the employees for their loyalty and support.

To provide a conducive place for the comfort of the employees, PJBumi headquarters has moved to a new office building at No. 6 Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, Shah Alam in March 2013. To mark this gracious event, PJBumi had organized "Majlis Kesyukuran & Tahlil" for all employees.

## THE COMMUNITY

In support of the local residents, PJBumi had carried out various community activities including financial support for community events and projects in the local vicinity.

During the year, employees of PJBumi had organised a day at orphanage house "Warga Kasih Harmoni" at Paya Jaras, Sungai Buloh, Selangor where quality time was spent with the children and organized a "gotong-royong" and lunch treats. PJBumi also contributed donations to the orphanage house.

## THE ENVIRONMENT

Employees received an environmental training and other self development programs to create awareness amongst employee on the importance of environment.

## CONCLUSION

In adhering to good corporate governance practices, PJBumi will continue to broaden the scope of their CSR activities so that maximum impact can be delivered to the targeted audience. CSR activities are an integral part of the way we function as a business and re-act our commitment to be a responsible corporate citizen as well as an employer of choice.

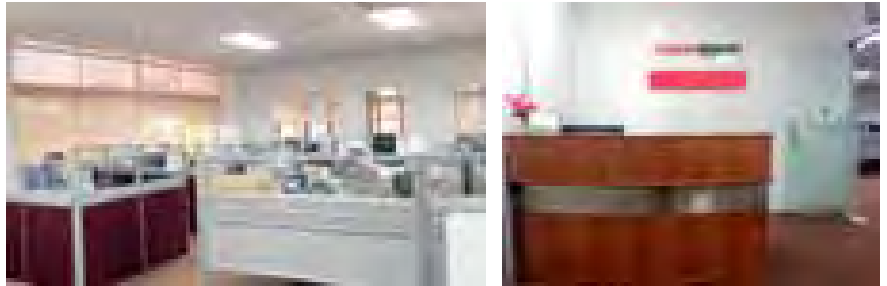


# *Calendar of Events*



## CALENDAR OF EVENTS

MARCH 2013



Relocation of PJBumi Berhad headquarters to new office building

MAY 2013



Conducted “Majlis Tahlil” with all staffs in headquarters

SEPTEMBER 2013



“Gotong-Royong” activities with AFSB

## CALENDAR OF EVENTS

OCTOBER 2013



Bowling  
Tournament

DECEMBER 2013



Half-day visit to Orphanage House  
“Rumah Kasih Harmoni” in Paya Jaras,  
Sungai Buloh, Selangor.

APPRECIATIONS  
2013



Quarterly birthday celebration.



# STATEMENT ON CORPORATE GOVERNANCE



The Board of Directors of the Company is committed to ensure high standards of corporate governance throughout the Company and the Group based on the principles and best practices as set out in the Malaysian Code of Corporate Governance 2012 ("the Code") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board is pleased to report the manner in which the principles of the Code have been applied within the Group throughout the financial year ended 31 December 2013 and to the date of this Statement and the extent to which the Code has been complied with. On those areas where the Recommendations of the Code had not been complied with, their explanations are given below.

## 1. BOARD OF DIRECTORS

### 1.1 Composition and Size of the Board

A new Board of Directors was established in the early 2013 which consisted of five (5) Directors, comprising four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Consequent to the resignation of one (1) Independent Non-Executive Director in November 2013, the Board is now comprised three (3) Independent Non-Executive Directors including the Chairman and one (1) Non-Independent Non-Executive Director.

The composition fulfills the requirements set out under the Main Market Listing Requirements of Bursa Securities where more than 50% of the Board Members are Independent Directors. This ensures that minority shareholders interests are adequately represented.

### 1.2 Board Balance

The Board is of the view that it has the right mix of individual qualities to fulfill its role. The Board as a whole represents many years' experience in financial, business management, legal and corporate affairs. The profile of the Directors are set out from pages 05 to 06 of this Annual Report.

There is a clear division of responsibilities between the Independent Non-Executive Chairman and the Group Chief Executive Officer ("GCEO") to ensure balance of power and authority in the Board.

The Chairman is primarily responsible for the orderly conduct and working of the Board whilst the GCEO is responsible for the day-to-day running of the business and implementation of the policies and decision of the Board. The Board operates in an open environment which opinions and information are freely exchanged and any concerns need not be focused on a single director as all members of the Board fulfill this role individually and collectively.

### 1.3 Board Roles and Responsibilities

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference to assist in the discharge of this responsibility. The roles and responsibilities of the Board are set out in the Board Charter which was approved by the Board on 29 April 2014.

The Board is principally responsible for, amongst others, overseeing the conduct of the Company's business to evaluate whether the business is properly managed and reviewing the adequacy and integrity of the Company's internal control system and management information system for compliance with applicable laws, regulations, rules, directives and guidelines.

The Board maintains a formal schedule of matters reserved for collective decision, which includes material acquisitions and disposals, monitoring of financial performance and ensuring effectiveness of the system of internal controls.

# STATEMENT ON CORPORATE GOVERNANCE



## 1.4 Appointments to the Board

The Nomination Committee, comprising entirely of Independent Non-Executive Directors, is responsible for identifying and recommending to the Board suitable candidates for appointment to the Board and the Board Committees.

In selecting a suitable candidate, the Nomination Committee takes into consideration the candidate's qualification, experience and his/her directorship in other companies as well as the required mix of skill, expertise and experience required for an effective Board. The final decision on the appointment of a candidate recommended by the Nomination Committee rests with the whole Board.

On appointment of new Directors, the Management would facilitate the Directors' Induction Programme by providing the Directors with the relevant information about the Group.

## 1.5 Re-election

In accordance with the Articles of Association of the Company, all Directors shall retire from office once at least every three (3) years, but shall be eligible for re-election at the Annual General Meeting ("AGM"). An election of Directors shall take place each year. A Director over 70 years of age is required to submit himself for re-election annually in accordance with Section 129(6) of the Companies Act, 1965.

The name of Director who is due for re-election is disclosed in the Notice of the AGM and the particulars of Director is disclosed on page 05 of this Annual Report.

## 1.6 Assessment of Performance

The process of assessing Directors is an ongoing responsibility of the entire Board. The Board has put in place the performance evaluation process to assess the effectiveness of the Board as a whole, the Board Committees and the contribution and performance of each Individual Director and the GCEO. The Company Secretary will collate the responses from all Directors and submit to the Chairman of Nomination Committee for evaluation. The observation of the Nomination Committee together with the annual assessment results will be submitted to the Board for deliberation.

In respect of the financial year ended 31 December 2013, the Board was satisfied that the Board, the Board Committees and Individual Directors have discharged their duties and responsibilities effectively and are suitably qualified to hold their positions.

## 1.7 Directors' Independence and Tenure

The Board takes cognizance of Recommendation 3.2 of the Code that the tenure of an independent director should not exceed a cumulative term of nine (9) years. Currently, the tenure of all Independent Non-Executive Directors on the Board has not exceeded nine (9) years.

## 1.8 Board Meetings

Board meetings for each calendar year are scheduled in advance. The scheduled Board meetings are held to receive, deliberate and decide on matters for its decision, including the performance of the Group, the business plans and strategies of the Group and the Group's quarterly financial results. Ad-hoc Board meetings are held as and when required.

The Board is satisfied with the level of time committed by each of the Directors towards fulfilling their roles on the Board and Board Committees. The Board met five (5) times during the financial year 2013. The details of attendance by each of the Directors at the Board meetings are as follows:-

# STATEMENT ON CORPORATE GOVERNANCE

Name of Director	No. of meetings attended	% of attendance
Abdul Rahman bin Haji Siraj <i>Independent Non-Executive Director/Chairman</i>	5/5	100%
Ahmad bin Md Daud <i>Independent Non-Executive Director</i>	5/5	100%
Nik Md Nor Suhaيمي bin Nik Ibrahim <i>Independent Non-Executive Director</i>	5/5	100%
Mohd Mahyudin bin Zainal <i>Non-Independent Non-Executive Director</i>	5/5	100%
Mustafa bin Ibrahim <i>Independent Non-Executive Director</i> <i>(resigned on 27 November 2013)</i>	4/5	80%

Note:-

There was no record of attendance in respect of the following directors who resigned in early 2013:-

- Datuk Abdul Hamid bin Sawal
- Ir Haji Mohd Nor @Ghazali bin Omar
- Haji Zaid bin Abdullah
- Haji Johar bin Yusof

## 1.9 Supply of Information

The Board has unrestricted access to timely and accurate information. The Board members are provided with the relevant agenda and Board papers containing management and financial information in advance of each Board meeting for their perusal and consideration and to enable them to obtain further clarification and information on the matters to be deliberated, to facilitate informed decision making. A director who has a direct or deemed interest in the subject matter presented at the Board meeting shall abstain from deliberation and voting on the said subject matter.

The Board is also informed of the decision and significant issues deliberated by the Board Committees via the reporting of the Chairman of the respective Board Committees and the minutes of the Board Committees tabled at the Board meetings.

All Directors have access to the advice and services of the Company Secretary. The Company Secretary advises the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors. The Company Secretary attends all Board meetings and Board Committee meetings and ensures meetings are properly convened and that accurate and proper records of proceedings and resolutions passed are taken and maintained at the Registered Office of the Company.

All Directors also have access to Senior Management personnel in the Group and they are invited at Board meetings to assist in the Board's deliberations. The Directors may seek independent professional advice at the Company's expense in furtherance of their duties, should the need arises.

## 1.10 Directors' Remuneration

The remuneration of Directors reflects the need to attract, motivate and retain directors with the relevant experience, qualifications and expertise required to assist the in managing the Group's effectively.

The aggregate remuneration of Non-Executive Directors of the Company for the financial year ended 31 December 2013 is as follows:-

	Fees (RM)	Total (RM)
Non-Executive Directors	88,000	88,000



# STATEMENT ON CORPORATE GOVERNANCE

The number of Non-Executive Directors of the Company whose remuneration falls into the following bands is as follows:-

Range of Remuneration (RM)	Non-Executive Director
RM50,000 and below	4
RM100,000 to RM50,000	-

## 1.11 Directors' Training

The Company recognizes the importance of continuous professional development and training for its Directors. All the Directors of the Company have attended and successfully completed the Mandatory Accreditation Programme prescribed under the Main Market Listing Requirements. In addition, Directors continuously receive briefings and updates on the Group's businesses and operations, finance, corporate governance, new regulations and statutory requirements. The Board will continue to evaluate and determine the training needs of its Directors to enhance their skill and knowledge.

## 2. BOARD COMMITTEES

The Board has established Board Committees to assist the Board in performing its duties and discharging its responsibilities more efficiently and effectively. The Board Committee operate on Terms of Reference approved by the Board and have the authority to examine pertinent issues and report back to the Board with their recommendations. The details of the Board Committees are as follows:-

### 2.1 Audit Committee

The Audit Committee plays an active role in assisting the Board in discharging its governance responsibilities, which include maintaining a sound risk management, internal control and governance system.

The details of composition, terms of reference and summary of activities of the Audit Committee during the financial year 2013 are set out in the Audit Committee Report on pages 23 to 25 of this Annual Report.

### 2.2 Nomination Committee

The Nomination Committee is primarily responsible for recommending suitable appointments to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Directors should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director as well as the GCEO.

During the financial year 2013, the Nomination Committee met once to review and recommend to the Board the appointment of an additional Independent Non-Executive Director and the proposal for re-election of Directors at the Annual General Meeting held on 27 June 2013.

### 2.3 Remuneration Committee

The Remuneration Committee is primarily responsible for reviewing and recommending to the Board the remuneration package of the Non-Executive Directors and the GCEO.

The Remuneration Committee met twice to review and recommend to the Board the Directors' fees and meeting attendance allowance for Non-Executive Directors for the financial year ended 31 December 2013, and the remuneration package for the GCEO under his new employment contract.

### 2.4 Executive Committee

The Executive Committee was recently established to assist the GCEO in ensuring that daily operations are conducted effectively and according to the Company's strategic plan, approved budgets, policies and procedures and relevant laws and regulations.

# STATEMENT ON CORPORATE GOVERNANCE



## 3. ACCOUNTABILITY AND AUDIT

### 3.1 Code of Ethics

The Directors are expected to conduct themselves with the highest ethical standards at all times and thereby protect and promote the reputation and performance of the Company. The Code of Ethics which sets the minimum standards for the conduct of all Directors is set out in the Board Charter.

### 3.2 Conflict of Interest

All Directors including the GCEO are required to disclose to the Company, any circumstances that may give rise to a conflict of interest situation during the course of carrying out their duties.

### 3.3 Financial Reporting

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board is committed to provide a balanced, fair and comprehensive assessment of the Company's and the Group's position and prospects and ensures that the financial results are released to Bursa Securities within the stipulated time frame and that the financial statements comply with regulatory reporting requirements. The Audit Committee assists the Board in reviewing all the information disclosed to ensure adequacy, completeness, accuracy and integrity, focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements, prior to recommendation to the Board for approval.

The Statement of Directors' Responsibility in respect of the Audited Financial Statements pursuant to paragraph 15.26(a) of the Main Market Listing Requirements and the requirements of the Companies Act, 1965 is set out on page 33 of this Annual Report.

### 3.4 Internal Control

In the efforts to strengthen the internal control within the Group, a number of corrective measures have been carried out and implemented throughout the financial year which includes the appointment of ANZ Corporate Advisory Sdn Bhd to carry out the internal audit function. The internal audit plan of the Group for the financial year 2014 which was presented to the Audit Committee will be carried out according to the planned audit and timetable.

### 3.5 Risk Management

The Group is establishing a risk management framework through an ongoing process of identifying, evaluating and managing significant risks encountered by the Group. The Board regularly reviews this process and applies corrective measures to mitigate and manage the risks.

### 3.6 Internal Audit

The internal audit function of the Group is outsourced to an external consultant firm which will perform the audit assignments based on the approved Internal Audit Plan for the financial year 2014.

### 3.7 Relationship with External Auditors

In the course of the audit of the Group's financial statements, the External Auditors have highlighted to the Audit Committee and the Board, matters that require the Board's attention. In addition, the External Auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions.

The Audit Committee had reviewed the suitability and independence of the External Auditors and recommended their re-appointment for the financial year ending 31 December 2014. The External Auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

# STATEMENT ON CORPORATE GOVERNANCE

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## 4. SHAREHOLDERS AND INVESTOR ENGAGEMENT

### 4.1 Relationship with Investors and Shareholders

The Board acknowledges the value of good investor relations and the importance of disseminating information in a fair and equitable manner. The Company disseminates information via annual report, circular to shareholders and announcements periodically and adheres to the disclosure requirement of Bursa Securities.

In addition, the investors and shareholders can have an overview of the Group's financial information and corporation information via the Company's website at [www.pjbumi.com.my](http://www.pjbumi.com.my)

### 4.2 Annual General Meeting ("AGM")

The Company's Annual General Meeting is the principal forum for dialogue with shareholders and provides an opportunity for the shareholders to seek clarification on issues and to have a better understanding of the Group's performance and operation.

Shareholders are encouraged to participate in the discussions with the Board during the AGM and to raise any issues. The GCEO and External Auditors are available to respond to any queries from shareholders at the AGM.

This statement is made in accordance with a resolution of the Board of Directors dated 29 April 2014.

# AUDIT COMMITTEE REPORT



## INTRODUCTION

The Board is pleased to present the Report of the Audit Committee for the financial year ended 31 December 2013. The Audit Committee provides assistance to the Board in reviewing and monitoring the integrity of the Group's financial reporting process and accounting records and reviewing the Group's risks and audit process and compliance with relevant legal and regulatory requirements.

## COMPOSITION

During the financial year 2013, there were changes in the composition of the Audit Committee where three (3) new members were appointed in place of the existing members. In addition, there was a change in the office of the Chairman of the Audit Committee. The existing Member, Ahmad bin Md Daud assumed the position of the Chairman of the Audit Committee in place of Abdul Rahman bin Haji Siraj who was appointed as Chairman of the Board on 27 November 2013.

The present Audit Committee comprising two (2) Independent Non-Executive Directors including the Chairman and one (1) Non-Independent Non-Executive Director and that the present composition and the qualification of its members comply with paragraphs 15.09 and 15.10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The members of the Audit Committee are set out below and their profiles are given on page 05 - 06 of this Annual Report.

Name	Designation
Ahmad bin Md Daud, Chairman <i>(Appointed as Member on 22 February 2013 and Chairman on 27 November 2013)</i>	Independent Non-Executive Director
Abdul Rahman bin Haji Siraj <i>(Appointed as Member and Chairman on 22 February 2013 and resigned as Chairman on 27 November 2013)</i>	Independent Non-Executive Director
Mohd Mahyudin bin Zainal <i>(Appointed as Member on 22 February 2013)</i>	Non-Independent Non-Executive Director

## ROLE OF AUDIT COMMITTEE

The Audit Committee provides the assistance and support in the implementation of the Board's responsibility to oversee the Group's operations in the following manner:-

- (i) Provides the means for the review of the Group's processes of producing financial data, its internal control and independence of the Group's Internal Auditors and External Auditors;
- (ii) Reinforces the independence of the Group's External Auditors; and
- (iii) Reinforces the objectivity of the Groups' Internal Auditors.

## AUTHORITY

In carrying out their duties, the Audit Committee shall have the authority to

- (i) Investigate any activity of the Company and its subsidiaries within its terms of reference;
- (ii) have direct communication channels with the External Auditors, Internal Auditors as well as employees of the Group; and
- (iii) consult independent experts, where necessary, to assist in executing its duties.



# AUDIT COMMITTEE REPORT



## KEY FUNCTIONS AND RESPONSIBILITIES

The key functions and responsibilities of the Audit Committee are as follows:-

### (i) Financial Reporting

To review the quarterly and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on the following areas:-

- Going concern assumption;
- Changes in major accounting policy and its implementation;
- Significant and unusual events;
- Compliance with the applicable approved accounting standards; and
- Other legal and regulatory requirements

### (ii) Related Party Transaction

To review related party transactions and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions or management's integrity, if any.

### (iii) Audit Report

To approve and review the annual Audit Committee Report for the Board's approval. This includes the terms of reference, number of meetings held and attended by members and summary of activities for inclusion in the Annual Report.

### (iv) External Auditors

- To review whether there is a reason to believe that the external auditors are not suitable for re-appointment, to consider the nomination of a person or persons as external auditors and the audit fee and to consider any questions relating to the resignation or dismissal of external auditors.
- To review external audit plan and its scope of audit for the Group;
- To review the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.
- To review matters arising from the audit findings and to be satisfied with appropriate action taken in response to the audit findings.

### (v) Internal Control

- To review the audit plan, evaluation of the system of internal control, audit report and management letter and management response and any matters that the External Auditors may wish to discuss in the absence of the management.
- To ensure that the system of internal control is soundly intact, effectively administered and constantly monitored.

### (vi) Internal Audit

To review the adequacy of the scope of the internal audit function, programme, processes or investigation undertaken and whether the appropriate action has been taken based on the recommendations from the internal audit findings.

### (vii) Other Matters

To promptly report such matter to Bursa Securities if the Audit Committee is of the view that the matter reported to the Board of Directors has not been satisfactorily resolved that could breach the Listing Requirements or any other applicable laws.

# AUDIT COMMITTEE REPORT



## SUMMARY OF ACTIVITIES

The Audit Committee met five (5) times during the financial year ended 31 December 2013 and the attendance of each member of the Audit Committee is set out below.

Name	No. of Meetings attended	Percentage of Attendance
Ahmad bin Md Daud, Chairman	5/5	100%
Abdul Rahman bin Haji Siraj	5/5	100%
Mohd Mahyudin bin Zainal	5/5	100%

*Note:*

*There was no record of attendance in respect of the following members who resigned in early 2013:-*

- Haji Zaid bin Abdullah*
- Datuk Abdul Hamid Sawal*
- Ir Haji Mohd Nor @Ghazali bin Omar*

The activities undertaken by the Audit Committee during the financial year 2013 were as follows:-

- Reviewed the unaudited quarterly financial statements and the audited financial statements of the Company and its subsidiaries as well as deliberated on the outstanding issues to the Group's financial statements to ensure compliance with the Main Market Listing Requirements of Bursa Securities, MFRS and other legal and regulatory requirements before recommending the same for the Board's approval.
- Reviewed the changes to the accounting policies further to the implementation of the Financial Reporting Standards.
- Reviewed the nomination of Messrs Afrizan Tarmili Khairul Azhar ("AFTAAS") as External Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young and discussed with the new External Auditors on statutory audit plan, the nature and scope of the statutory audit and the proposed audit and other audit related service fees.
- Reviewed and deliberated on the proposed internal audit plan for the financial year 2014 as presented by the internal auditors, ANZ Corporate Advisory Sdn Bhd.
- Reviewed the statements for disclosure in the Annual Report.
- Reviewed the related party transactions and satisfied that there was no related party transactions during the financial year.

## INTERNAL AUDIT FUNCTION

The internal audit function has not been active for the last two (2) financial years due to the change in the controlling shareholder in late 2012 and the change in the entire composition of the Board of Directors in early 2013. The Board had agreed to outsource the services of internal audit function and eventually in the fourth quarter of the year, the Board appointed ANZ Corporate Advisory Sdn Bhd to carry out the internal audit function. Based on the approved internal audit plan, the internal audit activities would be carried out during the financial year 2014.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



## 1. INTRODUCTION

The Statement on Risk Management and Internal Control is made in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires Malaysian public listed companies to make a statement about their risk management and internal control in their annual reports. This is in line with the Malaysian Code on Corporate Governance 2012.

## 2. BOARD RESPONSIBILITY

The Board of Directors ("Board") of PJBumi Berhad ("the Group") has the overall responsibility to establish a system of risk management and internal control for the Group in order to ensure key risk areas are managed to an acceptable level to achieve the Group's key business objectives. In this regard, the Board and Management have put in place processes and procedures to identify, assess, monitor and manage risks, including system updates in line with changes to business environment, operating conditions and regulatory requirements.

The system of internal control with its processes and procedures are designed to manage rather than eliminate the risk that may restrict or prevent the achievement of the Group's business objectives. These processes and procedures by their nature can only provide reasonable but not absolute assurance against material misstatements, losses or fraud.

## 3. RISK MANAGEMENT FRAMEWORK

The Group is establishing a risk management framework through an ongoing process of identifying, evaluating and managing significant risks encountered by the Group. The Board regularly reviews this process and applies corrective measures to mitigate and manage the risks.

## 4. MAIN FEATURES OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

### (i) Board Committees

Besides the Audit Committee, the Nomination and Remuneration Committees established have been established in the Group to assist the Board to perform its oversight function. Specific responsibilities have been delegated to these Board Committees. These Committees have the authority to examine all matters within their scope and report to the Board with their recommendations.

### (ii) Audit Committee

The Audit Committee was established by the Board with its terms of reference to assist in reviewing management's financial reports, internal audit reports and external audit reports. Significant issues are brought to the attention of the Board. The Audit Committee also oversees the independence and resources of the internal audit function besides ensuring that the scope of work is adequate and that the audit has been carried out objectively and effectively by a competent team of auditors.

### (iii) Board Executive Committee

The Board Executive Committee was established by the Board to assist the Group Chief Executive Officer ("GCEO") in ensuring that daily operations are conducted effectively and according to the Company's strategic plan, approved budgets, policies, procedures and relevant laws and regulations. The members of the Committee comprising two (2) Directors and the management representatives.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



## **(iv) Organisation Structure**

A formal organisation structure for the Group has been established with clearly defined reporting lines of authority, responsibility and accountability. The GCEO and the Senior Management shall act in accordance with the approved Limits of Authority and remain accountable to the Board for the authority that is delegated to them.

## **(v) Policies and Procedures**

The Management has established written policies and procedures which have been approved by the Group CEO or Board and they have been implemented in the core business processes throughout the Group. They serve to ensure the compliance with the internal control and relevant laws and regulations. Regular reviews and updates are performed in line with changes in business environment, statutory and regulatory requirements to ensure their relevance and effectiveness.

## **5. REVIEW FOR THE FINANCIAL YEAR**

In the efforts to strengthen the internal control within the Group, a number of corrective measures have been carried out and implemented throughout the financial year which include the appointment of ANZ Corporate Advisory Sdn Bhd to carry out the internal audit function. The internal audit plan of the Group for the financial year 2014 which was presented to the Audit Committee will be carried out according to the planned audit and timetable.

## **CONCLUSION**

The Board and Management are firm on implementing continuous measures of improvement to further strengthen the current risk management and internal control systems. The Board also has received assurance from the GCEO and the Group Financial Controller that the Group's risk management and internal control is operating satisfactorily in all material aspects.

This statement is made in accordance with a resolution of the Board of Directors dated 29 April 2014.

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

The External Auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope set out in the Recommended Practice Guide 5 (Revised) issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the system of risk management and internal control of the Group. In the review process, the External Auditors did not perform an opinion on the effectiveness of the Group's risks and control procedures.



## OTHER ADDITIONAL COMPLIANCE INFORMATION

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### 1. SHARE BUY-BACKS

The Company did not carry out any share buy-backs during the financial year ended 31 December 2013.

### 2. RECURRENT RELATED PARTY TRANSACTIONS

There is no recurrent related party transactions entered into during the financial year ended 31 December 2013.

### 3. OPTIONS, WARRANTS OR CONVERTIBLE LOAN STOCKS

There were no options and warrants exercised during the financial year ended 31 December 2013.

### 4. DEPOSITORY RECEIPTS PROGRAMME

The Company did not sponsor any depository receipts programme during the financial year ended 31 December 2013.

### 5. NON-AUDIT FEES

There was no non-audit fees paid to the External Auditors by the Group for the financial year ended 31 December 2013.

### 6. MATERIAL CONTRACTS

There was no material contracts entered into by the Company and its subsidiaries during the financial year ended 31 December 2013.

### 7. IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2013.

### 8. PROFIT GUARANTEE

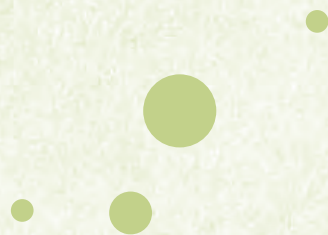
There was no profit guarantee given during the financial year.

### 9. VARIATION IN RESULTS

There was no material variation in the results for the financial year end as compared to the announcement made for the fourth quarter ended 31 December 2013.

### 10. UTILISATION OF PROCEEDS

The Company did not undertake any corporate exercise during the financial year. Hence, no proceeds were raised therefrom.



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# *Financial Statements*

# DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are described in Note 12 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to :		
Owners of the company non-controlling interest	3,166	4,883

## RESERVES AND PROVISION

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not been substantially affected by any item, transaction or event of a material and unusual nature.

## DIRECTORS OF THE COMPANY

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Abdul Rahman bin Haji Siraj	(appointed on 22.02.2013 )
Ahmad bin Md Daud	(appointed on 08.02.2013 )
Mohd Mahyudin bin Zainal	(appointed on 15.01.2013 )
Nik Md Nor Suhaيمي bin Nik Ibrahim	(appointed on 26.04.2013)
Mustafa bin Ibrahim	(resigned on 27.11.2013)

## DIRECTORS' BENEFIT

Neither at the end of the financial year, nor at any time during the year, did there subsist any arrangement to which the Group and the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debenture of the Group and of the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in Note 7 the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for any benefits or deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 29 to the financial statements.

# DIRECTORS' REPORT



## DIRECTORS' INTERESTS

None of the Directors holding office at 31 December 2013 had any interest in shares and options over shares of the Company and of its related corporations during the financial year.

## ISSUES OF SHARES AND DEBENTURES

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.



## DIRECTORS' REPORT

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### SIGNIFICANT EVENTS

No significant event during the financial year end.

### SUBSEQUENT EVENTS

Details of subsequent events are disclosed in Note 28 to the financial statements.

### AUDITORS

The auditors, Messrs Afrizan Tarmili Khairul Azhar, have indicated their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

**ABD RAHMAN BIN HAJI SIRAJ**

Shah Alam, Selangor

Date;

**AHMAD BIN MD DAUD**

# STATEMENT BY DIRECTORS

## PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965



We, ABDUL RAHMAN BIN HAJI SIRAJ and AHMAD BIN MD DAUD, being the two directors of PJBumi Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 36 to 84 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The information set out on page 85 have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors,

**ABDUL RAHMAN BIN HAJI SIRAJ**  
Director

**AHMAD BIN MD DAUD**  
Director

Shah Alam, Selangor

Date:

# STATUTORY DECLARATION

## PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, HISHAM BIN BAKAR, being the officer primarily responsible for the financial management of PJBUMI BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 84 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by	}	
the above named HISHAM BIN BAKAR	}	
at Shah Alam in Selangor Darul Ehsan	}	
on	}	<b>HISHAM BIN BAKAR</b>

Before me:

Commissioner for Oaths

Shah Alam, Selangor

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF PJBUMI BERHAD (INCORPORATED IN MALAYSIA)



### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of PJBumi Berhad, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 36 to 84.

#### *Directors' responsibility for the financial statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation of financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year 31 December 2013 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

#### *Emphasis of matter*

We draw attention to Note 27 to the financial statements which describes the understanding related to the outcome of the lawsuits filed against the company by Petronas Dagangan Berhad. Our opinion is not qualified in respect of this matter.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF PJBUMI BERHAD

### (INCORPORATED IN MALAYSIA)



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the act to be kept by the Company and its subsidiary of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the Financial Statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group, and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the Financial Statements of the subsidiaries did not contain any qualification and any adverse comment made under Section 174(3) of the Act.

The supplementary information set out on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respect, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the member of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The financial statements of PJBumi Berhad for the year ended 31 December 2012, were audited by another auditor who expressed an unmodified opinion on those financial statements on 26 April 2013.

**AFRIZAN TARMILI KHAIRUL AZHAR**  
AF 1300  
Chartered Accountants (Malaysia)

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Date:



# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	4	20,098	17,313	-	-
Cost of sales	5	(12,425)	(10,944)	-	-
<b>Gross profit</b>		<b>7,673</b>	<b>6,369</b>	<b>-</b>	<b>-</b>
Other income	6	8,898	515	10,520	424
Employee benefits expenses	7	(2,315)	(3,225)	(1,201)	(588)
Selling and distribution expenses		(167)	(107)	(7)	-
Administrative expenses		(5,285)	(19,857)	(4,220)	(16,032)
Other operating expenses		(2,763)	(1,862)	-	(3)
<b>Profit/(loss) from operations</b>		<b>6,041</b>	<b>(18,167)</b>	<b>5,092</b>	<b>(16,199)</b>
Finance costs	8	(642)	(1,290)	(209)	(368)
<b>Profit/(loss) before tax</b>	9	<b>5,399</b>	<b>(19,457)</b>	<b>4,883</b>	<b>(16,567)</b>
Income tax expense	10	(2,233)	(790)	-	251
Profit/(loss) net of tax, representing total comprehensive income/(loss) attributable to equity holders of the of the Company		<b>3,166</b>	<b>(20,247)</b>	<b>4,883</b>	<b>(16,316)</b>
Basic earnings/(loss) per share attributable to shareholders of the Company (sen):					
Basic	11	<b>6.32</b>	<b>(40.49)</b>		

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2013

		Group	
	Note	2013 RM'000	2012 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	15,763	15,793
Investment properties	14	10,776	10,875
Other investments	15	-	-
Total non-current assets		26,539	26,668
<b>Current assets</b>			
Inventories	19	316	320
Trade and other receivables	18	7,993	9,068
Cash and bank balances		614	2,481
Properties held for sale	17	-	76
Total current assets		8,923	11,945
<b>Total assets</b>		<b>35,462</b>	<b>38,613</b>
<b>Current liabilities</b>			
Provision for financial guarantee	21	-	6,245
Trade and other payables	23	5,919	7,146
Borrowings	22	1,214	4,009
Tax liabilities		8,136	6,647
Liabilities directly associated with properties classified as held for sale	17	-	222
<b>Total Liabilities</b>		<b>15,269</b>	<b>24,047</b>
<b>Non-current liabilities</b>			
Borrowings	22	8,947	6,527
Deferred tax liabilities	16	263	-
<b>Total Liabilities</b>		<b>24,479</b>	<b>30,796</b>
<b>Equity attributable to owners of the Company</b>			
Share capital	20	25,000	25,000
Reserves	20	5,473	5,473
Accumulated losses		(19,490)	(22,656)
Total equity		10,983	7,817
<b>Total equity and liabilities</b>		<b>35,462</b>	<b>38,613</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2013

		Company	
	Note	2013 RM'000	2012 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	516	268
Investment properties	14	10,776	10,875
Investment in subsidiaries	12	19,685	19,685
Total non-current assets		30,977	30,828
<b>Current assets</b>			
Trade and other receivables	18	353	520
Cash and bank balances		119	554
		472	1,074
Properties held for sale	17	-	76
Total current assets		472	1,150
<b>Total assets</b>		<b>31,449</b>	<b>31,978</b>
<b>Current liabilities</b>			
Provision for financial guarantee	21	-	6,245
Trade and other payables	23	14,737	13,378
Borrowings	22	591	2,436
Tax liabilities		2,865	3,173
		18,193	25,232
Liabilities directly associated with properties classified as held for sale	17	-	222
<b>Total current liabilities</b>		<b>18,193</b>	<b>25,454</b>
<b>Non-current liabilities</b>			
Borrowings	22	1,849	-
<b>Total Liabilities</b>		<b>20,042</b>	<b>25,454</b>
<b>Equity attributable to owners of the Company</b>			
Share capital	20	25,000	25,000
Reserves	20	3,473	3,473
Accumulated losses		(17,066)	(21,949)
<b>Total equity</b>		<b>11,407</b>	<b>6,524</b>
<b>Total equity and liabilities</b>		<b>31,449</b>	<b>31,978</b>

The accompanying notes form an integral part of the financial statements

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013



Group	Attributable to shareholders of the Company				
	Non-distributable			Accumulated losses	Total equity
	Share capital	Share premium	Capital reserve		
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2013</b>	25,000	3,473	2,000	(22,656)	7,817
Total comprehensive income for the year	-	-	-	3,166	3,166
<b>At 31 December 2013</b>	25,000	3,473	2,000	(19,490)	10,983
<b>At 1 January 2012</b>	50,000	3,473	2,000	(27,409)	28,064
Reduction in share capital (Note 20)	(25,000)	-	-	25,000	-
Total comprehensive loss for the year	-	-	-	(20,247)	(20,247)
<b>At 31 December 2012</b>	25,000	3,473	2,000	(22,656)	7,817

Company	Non-distributable			Accumulated losses	Total equity
	Share capital	Share premium			
	RM'000	RM'000		RM'000	RM'000
<b>At 1 January 2013</b>	25,000	3,473		(21,949)	6,524
Total comprehensive income for the year	-	-		4,883	4,883
<b>At 31 December 2013</b>	25,000	3,473		(17,066)	11,407
<b>At 1 January 2012</b>	50,000	3,473		(30,633)	22,840
Reduction in share capital (Note 20)	(25,000)	-		25,000	-
Total comprehensive loss for the year	-	-		(16,316)	(16,316)
<b>At 31 December 2012</b>	25,000	3,473		(21,949)	6,524

The accompanying notes form an integral part of the financial statements

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit/(loss) before tax	5,399	(19,457)	4,883	(16,567)
Adjustments for :				
Depreciation of investment properties	99	100	99	100
Depreciation of property, plant and equipment	360	511	48	46
Interest income	-	(2)	-	-
Loss on disposal of properties, plant and equipment	-	6	-	(1)
Gain on disposal of properties held for sale	-	(45)	-	(45)
Loss on disposal of other investment	-	15,542	-	-
Property, plant and equipment written off	-	117	-	19
Impairment loss on:				
- amount due to subsidiaries	-	-	-	10,314
- other receivables	-	-	-	-
- receivables	3,731	1,176	-	17
Reversal of impairment loss on investment properties	-	(388)	-	(388)
Reversal of accruals	(3,375)	-	(3,172)	-
Provision for financial guarantee	(6,245)	6,245	(6,245)	6,245
Interest expense	638	1,290	209	368
Interest income	(24)	2	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>583</b>	<b>5,097</b>	<b>(4,178)</b>	<b>108</b>
Working capital changes:				
Decrease in inventories	4	621	-	-
(Increase)/decrease in receivables, deposits and prepayments	(2,656)	(3,785)	171	(224)
Increase/(decrease) in payables and accruals	2,147	(15,786)	1,543	(3,476)
Net change in intercompany balances	-	-	2,981	7,254
<b>Cash generated from/(used in) operations</b>	<b>78</b>	<b>(13,853)</b>	<b>517</b>	<b>3,662</b>
Interest paid	(642)	(604)	(209)	(368)
Tax paid	(523)	(3,180)	(308)	(1,440)
Tax refund	44	-	-	-
<b>Net cash (used in)/from operating activities</b>	<b>(1,043)</b>	<b>(17,637)</b>	<b>-</b>	<b>1,854</b>



# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows (used in)/from investing activities</b>				
Acquisition of property, plant and equipment	(251)	(14)	(217)	-
Proceed from sale of property, plant and equipment	-	8	-	2
Interest received	24	2	-	-
Proceeds from sale of shares	-	20,400	-	-
Proceeds from disposal of properties held for sale	-	692	-	692
<b>Net cash (used in)/from investing activities</b>	<b>(227)</b>	<b>21,088</b>	<b>(217)</b>	<b>694</b>
<b>Cash flows (used in)/from financing activities</b>				
Repayments of restructured loans and term loans	(597)	(1,134)	(218)	(971)
<b>Net cash used in financing activities</b>	<b>(597)</b>	<b>(1,134)</b>	<b>(218)</b>	<b>(971)</b>
Net (decrease)/increase in cash and cash equivalents	(1,867)	2,317	(435)	1,577
Cash and cash equivalents at 1 January	2,481	(58)	554	(1,245)
Cash and cash equivalents at 31 December	614	2,259	119	332

### *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Note	Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances		614	2,481	-	554
Bank overdrafts associated with properties classified as held for sale		-	(222)	-	(222)
		614	2,259	-	332

The accompanying notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013



### 1. CORPORATE INFORMATION

PJBumi Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 12 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements was authorised for issue by the Board of Directors in accordance with the resolution of the directors on 29 April 2014.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the respective significant accounting policies.

The financial statements are presented in Ringgit Malaysia.

#### 2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial future periods affected.

- Note 16 - recognition of deferred tax assets/liabilities

#### 2.3 Standards and interpretations issued but not yet effective

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group and the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Standards and interpretations issued but not yet effective (cont'd)

#### Effective for financial periods beginning on or after 1 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 11, *Joint Arrangements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits (2011)*
- MFRS 127, *Separate Financial Statements (2011)*
- MFRS 128, *Investment in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 101, *Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 132, *Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11, *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12, *Disclosure of Interest in Other Entities: Transition Guidance*
- Amendments to IC Interpretation 2, *Members' Shares in Co-operative Entities and Similar Instrument (Annual Improvements 2009-2011 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements – Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interests in Other Entity – Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements – Investment Entities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosure for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge*
- IC Interpretation 21, *Levies*

#### Effective for financial periods beginning on or after 1 January 2014

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

#### Effective for financial periods beginning on or after 1 July 2014

- Amendments to MFRS 2, *Share-based Payment (Annual Improvements to MFRSs 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRSs 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRSs 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements to MFRSs 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements to MFRSs 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements to MFRSs 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefits Plans: Employee Contributions*

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards and interpretations issued but not yet effective (cont'd)

#### Effective for financial periods beginning on or after 1 July 2014 (cont'd)

- Amendments to MFRS 124, *Related Party Disclosures* (Annual Improvements to MFRSs 2010-2012 Cycle)
- Amendments to MFRS 138, *Intangible Assets* (Annual Improvements to MFRSs 2010-2012 Cycle)
- Amendments to MFRS 140, *Investment Property* (Annual Improvements to MFRSs 2011-2013 Cycle)

#### Effective for financial periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (IFRS 9 issued by IASB in November 2009)
- MFRS 9, *Financial Instruments* (IFRS 9 issued by IASB in October 2010)
- Amendments to MFRS 9, *Mandatory Effective Date of MFRS 9 and Transition Disclosures* (IFRS 9 issued by IASB in November 2009), (IFRS 9 issued by IASB in October 2010)
- MFRS 9, *Financial Instruments* (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)

The Group and the Company will adopt the pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and the Company upon their initial application, except so described below:

- (a) MFRS 12, 'Disclosures of Interests in Other Entities' (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128, 'Investments in Associates'. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structure entities.
- (b) MFRS 13, 'Fair Value Measurement' (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7, 'Financial Instruments: Disclosures', but apply to all assets and liabilities measured at fair value, not just financial ones.
- (c) The revised MFRS 127, 'Separate Financial statements' (effective from 1 January 2013) includes the provision on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.
- (d) Amendment to MFRS 7, 'Financial Instruments: Disclosures' (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognized financial instruments that are offset in the balance sheet and those that are subject to master netting or similar arrangements irrespective of whether they are offset.
- (e) Amendment to MFRS 132, 'Financial Instruments: Presentation' (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.3 Standards and interpretations issued but not yet effective (cont'd)

#### Effective for financial periods beginning on or after 1 January 2015 (cont'd)

- (f) MFRS 9, 'Financial Instruments – Classification and Measurement of Financial Assets and Financial Liabilities' (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

Unless otherwise disclosed, the above standards, amendments to published standards and interpretations to existing standards are not anticipated to have any significant impact on the financial statements of the Company in the year of initial application.

### 2.4 Summary of Significant accounting policies

#### (a) Basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of Significant accounting policies (cont'd)

#### (a) Basis of consolidation (cont'd)

##### (ii) *Business combinations*

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) *Loss of control*

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (iv) *Transaction eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Summary of Significant accounting policies (cont'd.)

##### (b) Property, plant and equipment (cont'd)

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	2%
Plant and machinery, office equipment and furniture and fittings	10% - 20%
Motor vehicles	20%
Computer Hardware and Software	10% - 33%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

##### (c) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Buildings are depreciated on a straight line basis over the estimated useful lives of 50 years to write off the cost of the asset to its residual value over the estimated useful life.

The residual values, useful lives and depreciation method are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of investment properties. These are adjusted prospectively, if appropriate.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits is expected from its disposal. Any gains and losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of Significant accounting policies (cont'd.)

#### (d) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss in the year the assessment is carried out.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

#### (e) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

#### (f) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determines the classification of their financial assets at initial recognition, and the categories include financial assets as loans and receivables and available-for-sale financial assets.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Summary of Significant accounting policies (cont'd.)

##### (f) Financial assets (cont'd)

###### (i) *Loans and receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

###### (ii) *Available-for-sale financial assets*

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investment in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way of purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commits to purchase or sell the asset.

##### (g) Impairment of financial assets

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Summary of Significant accounting policies (cont'd.)

##### (g) Impairment of financial assets (cont'd)

###### (i) *Trade and other receivables and other financial assets carried at amortised cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

###### (ii) *Unquoted equity securities carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

###### (iii) *Available-for-sale financial assets*

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of Significant accounting policies (cont'd.)

#### (g) Impairment of financial assets (cont'd)

##### (iii) Available-for-sale financial assets (cont'd)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

#### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand. These also include bank overdrafts that form an integral part of the Group's cash management.

#### (i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- "Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

#### (j) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (k) Financial liabilities (cont'd)

##### (i) *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

##### (ii) *Other financial liabilities*

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (l) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (m) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (n) Employee benefits

##### *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (o) Leases

##### *(i) As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

##### *(ii) As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

#### (p) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 2.4 Summary of significant accounting policies (cont'd.)

**(p) Revenue (cont'd)**

**(i) Sale of goods**

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

**(ii) Rendering of services**

Revenue from services rendered is recognised net of service taxes and discount as and when the services are performed.

**(iii) Interest income**

Interest income is recognised using the effective interest method.

**(iv) Management fees**

Management fees are recognised when services are rendered.

**(v) Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

**(vi) Rental income**

Rental income is accounted for on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**(q) Income taxes**

**(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**(ii) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (q) Income taxes (cont'd)

##### (iii) *Deferred tax (cont'd)*

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Summary of significant accounting policies (cont'd.)

#### (r) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

#### (s) Finance Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

#### (t) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 24, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### (u) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable MFRSs. Then, on initial classification as held for sale, non-current assets are measured in accordance with MFRS 5 that is at the lower of carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013



### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### Key sources of estimation uncertainty

Other than disclosed elsewhere, the key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed.

#### (a) Impairment of loans and receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

#### (b) Deferred tax assets

Deferred tax assets are recognised for unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which unabsorbed capital allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The unrecognised tax losses, capital allowances and other temporary differences of the Group was RM18,550,000 (2012: RM25,465,000).

### 4. REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Sales of goods	1,704	3,509	-	-
Services rendered	18,394	13,804	-	-
	20,098	17,313	-	-

### 5. COST OF SALES

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cost of goods sold	2,180	2,703	-	-
Cost of services	10,245	8,241	-	-
	12,425	10,944	-	-

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM2,180,000 (2012: RM2,703,000).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 6. OTHER INCOME

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of property, plant and equipment	-	-	-	1
Gain on disposal of properties held for sale	-	45	-	45
Interest income	24	2	-	-
Reversal of provisions for impairment losses of trade receivables (Note 18)	-	75	-	-
Reversal on impairment loss on investment properties (Note 14)	-	388	-	388
Reversal of provisions for impairment losses of intercompany balances	-	-	1,105	-
Reversal on provision for financial guarantee	6,245	-	6,245	-
Reversal of provisions for other creditors	2,629	-	3,170	-

### 7. EMPLOYEE BENEFIT EXPENSES

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Salaries, bonus and others	2,036	2,313	1,047	494
Contribution to employees provident Fund	222	281	116	57
Social security costs	22	33	9	5
Termination related expenses	-	564	-	-
Other staff related expenses	35	34	29	32
	2,315	3,225	1,201	588

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM NIL (2012: RM236,000) and RM NIL (2012: RM236,000) respectively.

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Directors' remuneration:				
Salaries and other allowances	88	216	88	216
Contribution to employees provident fund	-	20	-	20
	88	236	88	236

The estimated monetary value of benefit-in-kind received and receivables by a director of the company from the Group and the Company amounted to RM NIL (2012: RM42,000)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 7. EMPLOYEE BENEFIT EXPENSES (CONT'D)

The number of directors of the company whose total remuneration during the financial year fell within the following bands is analysed below :

	Number of directors	
	2013	2012
Non executive directors:		
RM0 to RM50,000	5	3
RM50,000 to RM100,000	-	1

### 8. FINANCE COST

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Interest on borrowings	642	906	209	368
Interest expense on amount due to a director	-	384	-	-
	642	1,290	209	368

### 9. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax is arrived at after charging/ (crediting):				
Auditors' remuneration				
- audit services	125	133	55	55
Depreciation of investment properties	99	100	99	100
Depreciation of property, plant and equipment	360	511	45	46
Impairment loss on:				
- investment in subsidiaries	-	-	-	10,314
- trade receivables	2,763	1,251	-	17
Property, plant and equipment written off	-	117	-	19
Loss on disposal of property plant and equipment	-	6	-	-
Loss on disposal of other investment	-	15,542	-	-
Provision for financial guarantee	-	6,245	-	6,245
Rental expense:				
- motor vehicles	24	39	-	-
- office equipment	19	29	16	15
- office premises	258	41	246	26
Write back of provision for financial guarantee	(6,245)	-	(6,245)	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 10. INCOME TAX EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Income tax				
Current year	2,150	516	-	-
(Over)/under provision in prior years	(180)	274	-	(251)
	1,970	790	-	(251)
Deferred tax (Note 16)				
Current year				
(Over)/under provision in prior years	263	-	-	-
	263	-	-	-
Income tax expense	2,233	790	-	(251)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012:25%) assessable profit for the year.

The reconciliation between tax expenses and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 December 2013 and 2012 are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) before tax	5,399	(19,457)	4,883	(16,567)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	1,290	(4,864)	1,221	(4,142)
Expenses not deductible for tax purposes	3,178	5,124	542	4,155
Income not subject to tax				
Deferred tax assets recognised	(1,539)	(152)	-	-
Deferred tax assets not recognised during the year	-	408	(1,763)	(13)
Utilisation of deferred tax assets previously not recognised	-	-	-	-
(Over)/under of income tax expense in prior years	(233)	274	-	(251)
(Over)/under of deferred tax in prior years	(463)	-	-	-
Income tax expense	2,233	790	-	(251)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 11. BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic earnings/(loss) per ordinary share is based on the net profit/(loss) attributable to ordinary shareholders divided by the number of ordinary shares outstanding during the financial year.

	Group	
	2013 RM'000	2012 RM'000
Profit/(loss) attributable to ordinary shareholders of the Company	3,166	(20,247)
Number of ordinary shares in issue ('000)	50,000	50,000
Basic (loss)/earnings per share (sen)	6.32	(40.49)

### 12. INVESTMENT IN SUBSIDIARIES

	Company	
	2013 RM'000	2012 RM'000
Unquoted shares, at cost	33,500	33,500
Less: Accumulated impairment loss	(13,815)	(13,815)
	19,685	19,685

There is no impairment loss recognised during the year (2012 : 10,313,709)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective equity interest	
			2013 %	2012 %
PJBumi Composites Sdn. Bhd.	Manufacture and sale of Fibre Reinforced Plastic ("FRP") Sewerage treatment plants and other FRP products	Malaysia	100	100
PJBumi Waste Management Sdn. Bhd.	Investment holding, solid waste management, garbage collection, area cleaning and other related activities	Malaysia	100	100
PJBumi Services Sdn. Bhd.	After-sales support services including connecting works of FRP tanks and mechanical and electrical equipment, providing maintenance, upgrading and/or rectification works, desludging works and sludge treatment	Malaysia	100	100
PJBumi Construction Sdn. Bhd.	Undertake works for civil, mechanical, electrical and erection engineering.	Malaysia	100	-
PJBumi Resources Sdn. Bhd.	Logging and mining	Malaysia	100	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 13. PROPERTY, PLANT AND EQUIPMENT

#### Group

	Freehold land RM'000	Buildings RM'000	Furniture, fittings, computers, equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>2013</b>					
<b>Cost</b>					
At 1 January 2013	6,067	12,727	3,999	1,170	23,963
Addition	-	-	254	-	254
Transfer from properties classified as held for sale	-	167	-	-	167
At 31 December 2013	6,067	12,894	4,253	1,170	24,384
<b>Accumulated depreciation and impairment loss</b>					
At 1 January 2013					
- Accumulated depreciation	606	2,582	3,812	1,170	8,170
Depreciation for for the year	-	256	104	-	360
Transfer from properties classified as held for sale	-	91	-	-	91
At 31 December 2013	606	2,929	3,916	1,170	8,621
<b>Net carrying amount</b>					
At 31 December 2013	5,461	9,965	337	-	15,763

#### 31.12.2012

<b>Cost</b>					
At 1 January 2012	6,067	12,397	7,432	1,408	27,304
Addition	-	-	14	-	14
Write off	-	-	(2,066)	-	(2,066)
Disposal	-	-	(1,381)	(238)	(1,619)
Transfer from properties classified as held for sale (Note 17)	-	330	-	-	330
At 31 December 2012	6,067	12,727	3,999	1,170	23,963



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Group (cont'd)

	Freehold land RM'000	Buildings RM'000	Furniture, fittings, computers, equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>31.12.2012</b>					
<b>Accumulated depreciation and impairment loss</b>					
At 1 January 2012					
- Accumulated depreciation	-	2,255	6,412	1,408	10,075
- Accumulated impairment loss	606	-	466	-	1,072
Depreciation for the year	-	261	250	-	511
Write off	-	-	(1,949)	-	(1,949)
Disposal	-	-	(1,367)	(238)	(1,605)
Transfer from properties classified as held for sale (Note 17)	-	66	-	-	66
At 31 December 2012	606	2,582	3,812	1,170	8,170
<b>Net carrying amount</b>					
At 31 December 2012	5,461	10,145	187	-	15,793
<b>Company</b>					
<b>2013</b>					
<b>Cost</b>					
At 1 January 2013	-	330	1,957	726	3,013
Addition	-	-	220	-	220
Transfer from properties classified as held for sale	-	167	-	-	167
At 31 December 2013	-	497	2,177	726	3,400

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Company (cont'd)

	Freehold land RM'000	Buildings RM'000	Furniture, fittings, computers, equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>2013</b>					
<b>Accumulated depreciation and impairment loss</b>					
At 1 January 2013					
- Accumulated depreciation	-	79	1,940	726	2,745
Depreciation for the year	-	8	40	-	48
Transfer from properties classified as held for sale	-	91	-	-	91
At 31 December 2013	-	178	1,980	726	2,884
<b>Net carrying amount</b>					
At 31 December 2013	-	319	197	-	516

	Buildings RM'000	Furniture, fittings, computers, equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>31.12.2012</b>				
<b>Cost</b>				
At 1 January 2012	-	2,126	964	3,090
Write off	-	(167)	-	(167)
Disposal	-	(2)	(238)	(240)
Transfer from properties classified as held for sale (Note 17)	330	-	-	330
At 31 December 2012	330	1,957	726	3,013

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Company (cont'd)

	Buildings RM'000	Furniture, fittings, computers, equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
<b>31.12.2012</b>				
<b>Accumulated depreciation</b>				
At 1 January 2012				
- Accumulated depreciation	-	2,056	964	3,020
Depreciation for the year	13	33	-	46
Write off	-	(148)	-	(148)
Disposal	-	(1)	(238)	(239)
Transfer from properties classified as held for sale (Note 17)	66	-	-	66
At 31 December 2012	79	1,940	726	2,745
<b>Net carrying amount</b>				
At 31 December 2012	251	17	-	268

### 14. INVESTMENT PROPERTIES

	Group and Company	
	2013	2012
	RM'000	RM'000
<b>Cost</b>		
At 1 January / 31 December	12,406	12,406
<b>Accumulated depreciation and impairment loss</b>		
At 1 January		
- Accumulated depreciation	1,531	1,431
- Accumulated impairment loss	-	388
Reversal of provision for impairment of investment property	-	(388)
Depreciation charge for the year	99	100
At 31 December		
- Accumulated depreciation	1,630	1,531
<b>Net carrying amount</b>	10,776	10,875
Fair value of investment properties	14,225	14,225

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 14. INVESTMENT PROPERTIES (CONT'D)

Included in the above are:

	Group and Company	
	2013	2012
	RM'000	RM'000
Freehold land	7,444	7,444
Building	3,332	3,431
	<u>10,776</u>	<u>10,875</u>

The fair value of investment properties are estimated based on information obtained from an external, independent professionally qualified valuer.

Security

The entire freehold land and building are pledged as security for bank borrowings (Note 22).

### 15. OTHER INVESTMENT

	Group	
	2013	2012
	RM'000	RM'000
Unquoted shares, at cost		
- outside Malaysia	1,330	1,330
Less: Impairment loss	(1,330)	(1,330)
	<u>-</u>	<u>-</u>

These unquoted shares are recorded at cost as there is no indicative market, published price quotations or such sources available to determine reliable fair values for these financial assets. In particular, the estimated fair value cannot be measured because of the significant variability in the range of reasonable fair value estimates or that the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair values of these available-for-sale financial assets

### 16. DEFERRED TAX

	Group	
	2013	2012
	RM'000	RM'000
At 1 January	-	363
Transfer to income statement (Note 10)	263	(363)
	<u>263</u>	<u>-</u>
At 31 December	263	-

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 16. DEFERRED TAX (CONT'D)

	Company	
	2013	2012
	RM'000	RM'000
At 1 January		
Transfer to income statement (Note 10)	-	-
At 31 December	-	-
	-	-

The components and movement of deferred tax liabilities and assets during the year prior to offsetting are as follows :

#### Deferred tax assets of the Group:

	Provisions	Unabsorbed capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2012	(895)	-	(1,058)	(1,953)
Recognised in profit and loss	167	(271)	(49)	(153)
At 31 December 2012	(728)	(271)	(1,107)	(2,106)
Recognised in profit and loss	-	-	(8,029)	(8,029)
At 31 December 2013	(728)	(271)	(9,136)	(10,135)

#### Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Taxable temporary differences in respect of income RM'000	Total RM'000
At 1 January 2012	1,933	20	1,953
Recognised in profit and loss	173	(20)	153
At 31 December 2012	2,106	-	2,106
Recognised in profit and loss	-	-	-
At 31 December 2013	2,106	-	2,106

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 16. DEFERRED TAX (CONT'D)

#### Deferred tax assets of the Company:

	Provisions RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2012	(536)	(532)	(1,068)
Recognised in profit and loss	(324)	532	208
At 31 December 2012	(860)	-	(860)
Recognised in profit and loss	-	(6,293)	(6,293)
At 31 December 2013	(860)	(6,293)	(7,153)

#### Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000
At 1 January 2012	1,068
Recognised in profit and loss	(208)
At 31 December 2012	860
Recognised in profit and loss	-
At 31 December 2013	860

Deferred tax assets have not been recognised in respect of the following temporary differences:

	Group	
	2013 RM'000	2012 RM'000
Other deductible temporary differences	8,415	1,320
Unabsorbed capital allowances	-	26
Unutilised business losses	10,135	24,119
	18,550	25,465

	Company	
	2013 RM'000	2012 RM'000
Unutilised business losses	7,153	9,287



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 16. DEFERRED TAX (CONT'D)

Deferred tax asset have not been recognised in respect of the items because it is not probable that future taxable profit will be available against which the Company and its subsidiaries can utilise the benefits.

The unutilised business losses, unabsorbed capital allowances and other deductible temporary differences are available indefinitely for offset against future taxable profits subject to no substantial change in shareholdings of the Company and the respective subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967.

### 17. PROPERTIES HELD FOR SALE

#### (a) Properties classified as held for sale

Properties that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale.

	Group/Company	
	2013	2012
	RM'000	RM'000

#### At lower of carrying amount and fair value less cost to sell

At 1 January	167	1,078
Transfer to property, plant and equipment (Note 13)	(167)	(264)
Disposals	-	(647)
At 31 December	-	167

#### Less: Accumulated impairment loss

At 1 January	91	91
Transfer to property, plant and equipment, accumulated depreciation	(91)	-
At 31 December	-	91
	-	76

Included in the above are:

	2013	2012
	RM'000	RM'000
Buildings	-	76

The above properties classified as held for sale are pledged as security for banking facilities as mentioned in Note 17(b). In May 2013, the Company has fully settled the banking facilities.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 17. PROPERTIES HELD FOR SALE (CONT'D)

#### (b) Liabilities directly associated with properties classified as held for sale

This is in respect of liabilities that are directly associated with the properties classified as held for sale.

	Note	Group and Company	
		2013	2012
		RM'000	RM'000
Secured			
Bank overdraft		-	222
		-	222

#### Note 17.1

The bank overdraft bears nil interest rates (2012 : 8.3% to 8.6%) per annum.

### 18. TRADE AND OTHER RECEIVABLES

	Note	Group	
		2013	2012
		RM'000	RM'000
<b>Trade</b>			
Trade receivables		11,272	10,993
Less: Allowance for impairment loss	18.3	(5,939)	(3,176)
	18.1	5,333	7,817
<b>Non-trade</b>			
Other receivables		2,590	1,262
Less: Allowance for impairment loss		(204)	(204)
		2,386	1,058
Deposits		269	188
Prepayments		5	5
		2,660	1,251
Total trade and other receivables		7,993	9,068
Less: Prepayments		(5)	(5)
Add: Cash and bank balances		614	2,481
Total loans and receivables		8,602	11,544

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 18. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	Company	
		2013 RM'000	2012 RM'000
<b>Trade</b>			
Trade receivables	18.3	493	422
Less: Allowance for impairment loss	18.1	(422)	(422)
		71	-
<b>Non-trade</b>			
Amounts due from subsidiaries	18.2	4	-
Other receivables		84	366
Deposits		192	154
Prepayments		2	-
Total trade and other receivables		353	520
Less: Prepayments		(2)	-
Add: Cash and bank balances		119	554
Total loans and receivables		470	1,074

#### Note 18.1

The Group's and the Company's normal trade credit term is 30 to 60 days (2012: 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has significant concentration of credit risk from a group and a single customer. As at 31 December 2013, included in trade receivables is an amount owing from a group and a single customer amounting to RM2,857,850 (2012: RM1,213,000).

#### Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables are as follows:

	Group	
	2013 RM'000	2012 RM'000
Neither past due nor impaired	1,115	4,692
1 to 30 days past due not impaired	795	487
31 to 60 days past due not impaired	710	254
61 to 90 days past due not impaired	188	203
91 to 120 days past due not impaired	159	229
More than 121 days past due not impaired	2,366	1,952
	5,333	7,817
Impaired	5,939	3,176
	11,272	10,993

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 18. TRADE AND OTHER RECEIVABLES (CONT'D)

#### Ageing analysis of trade receivables (cont'd)

	Company	
	2013 RM'000	2012 RM'000
More than 121 days past due not impaired	71	-
Impaired	422	422
	493	422

#### Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the year.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM4,218,000 (2012: RM3,125,000) that is past due at the reporting date but not impaired and are unsecured in nature.

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:

	Group Individually impaired	
	2013 RM'000	2012 RM'000
Trade receivables - nominal account	5,939	3,176
Less: Allowance for impairment	(5,939)	(3,176)
	-	-

#### **Note 18.2**

The amount due from subsidiaries are in respect of advances and payments made on behalf which are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 18. TRADE AND OTHER RECEIVABLES (CONT'D)

#### Note 18.3

The movement of allowance accounts used to record the individual impairment are as follows:

	Group	
	2013 RM'000	2012 RM'000
At 1 January	3,176	2,038
Charge for the year (Note 9)	2,763	1,251
Reversal of impairment losses (Note 6)	-	(75)
Bad debts written off	-	(38)
At 31 December	5,939	3,176

	Company	
	2013 RM'000	2012 RM'000
At 1 January	422	405
Charge for the year (Note 9)	-	17
At 31 December	422	422

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### 19. INVENTORIES

	Group	
	2013 RM'000	2012 RM'000
At cost:		
Raw materials	7	13
Tools and accessories	309	307
	316	320

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 20. SHARE CAPITAL AND RESERVES

#### Share capital

	Group and Company Number of ordinary shares of RM0.50 each	
	2013	2012
	'000	'000

#### Authorised share capital

At the beginning/end of the year	200,000	100,000
Addition in share capital	-	100,000

At the end of the year	200,000	200,000
------------------------	---------	---------

#### Issued and fully paid:

At the beginning/end of the year	50,000	50,000
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	Amount	
	2013	2012
	RM'000	RM'000

#### Authorised share capital

At the beginning/end of the year	100,000	100,000
----------------------------------	---------	---------

#### Issued and fully paid:

At the beginning/end of the year	25,000	50,000
Reduction in share capital	-	(25,000)

At the end of the year	25,000	25,000
------------------------	--------	--------

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company residual interests.

During the previous year, the Directors of the Company proposed to implement a capital reduction of the issued and paid-up share capital of the Company ("the Proposal") via the cancellation of RM0.50 of the existing par value of each unit of ordinary share from RM1.00 per share to RM0.50 per share. At an Extraordinary General Meeting held on 2 August 2012, the shareholders of the Company has approved the Proposal.

Accordingly, the issued and paid-up share capital of the Company of RM50,000,000 comprising 50,000,000 ordinary shares of RM1.00 each became RM50,000,000 comprising 50,000,000 ordinary shares of RM0.50 each.

Group	Share premium RM'000	Capital reserve RM'000	Total RM'000
At 31 December 2012/ 31 December 2013	3,473	2,000	5,473
At 31 December 2012/ 31 December 2013	3,473	2,000	5,473



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 20. SHARE CAPITAL AND RESERVES (CONTINUED)

#### Reserves

Company	Share premium RM'000	Total RM'000
At 31 December 2012/ 31 December 2013	3,473	3,473
At 31 December 2012/ 31 December 2013	3,473	3,473

The capital reserves of the Group is in respect of capitalisation of retained earnings for bonus issue of a subsidiary.

### 21. PROVISION FOR FINANCIAL GUARANTEE

On 24 January 2011, the Company received a notice of demand from the solicitors of Export-Import Bank of Malaysia Berhad ("EXIM Bank") demanding full payment of the default amount owing by an affiliated company as at 30 November 2010 of USD3,838,474 (equivalent to RM11,818,354). On 25 February 2011, the Company by its solicitor, refuted the claim on the ground of negligence of EXIM Bank and breach of the facility agreement by EXIM Bank when disbursing part of the loan to the affiliated company without observing and complying with all the terms and conditions in the facility agreement.

On 2 May 2012, the High Court decided in favour of EXIM Bank and dismissed the Company's counterclaim with costs of RM50,000.

On 25 April 2013, the Company had entered a Novation cum Settlement Agreement with EXIM Bank and Vibrant Tactic Sdn Bhd ("VTSB").

Under this agreement, VTSB assumed the obligations of the Company in respect of the financial guarantee by issuing RM9,000,000 face value of zero coupon redeemable unsecured loan stocks ("RULS") to EXIM Bank. The RULS mature in progressive annual tranches commencing 15 December 2013 up to 15 December 2018. In the event, VTSB and/or the Company defaults on the terms of the arrangement, EXIM Bank reserves the right to enforce the judgement of the High Court Against the Company.

The first redemption of RM1,000,000 was successfully made by EXIM Bank to VTSB on 12 December 2013.

### 22. BORROWINGS

This note provides information about the contractual terms of the Group's and of the Company's interest-bearing loans and borrowings. For more information about the Group's and the Company's exposure to interest risk, see note 25.

	Group	
	2013 RM'000	2012 RM'000
<b>Non-current</b>		
Secured:		
Restructured loan	8,947	6,527
	8,947	6,527

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 22. BORROWINGS (CONT'D)

	Group	
	2013	2012
	RM'000	RM'000
<b>Current</b>		
Secured:		
Restructured loan	774	240
Term loans	440	3,769
	1,214	4,009
<b>Total</b>	10,161	10,536

	Company	
	2013	2012
	RM'000	RM'000
Non-current		
Secured term loans	1,849	-
Current		
Secured term loans	591	2,436
<b>Total</b>	2,440	2,436

During the financial year, the Group had restructured a loan of RM1,717,462 which is repayable by an upfront payment of RM600,000 and 17 monthly installments of RM16,700 each and the final repayment of RM16,100 commencing in June 2013. The lender had agreed to waive the remaining balance of RM817,462 upon compliance of the repayment schedule.

The Company had also restructured a loan of RM1,919,558 which is repayable by 4 monthly installment of RM10,000 each commencing in September 2013, followed by 12 monthly installment of RM20,000 each in 2014 and subsequently a monthly installment of RM60,000 until full settlement.

The borrowings bear effective interest at rates ranging from 9.1% to 10.6% (2012: 9.1% to 10.6%) per annum.

The borrowings are secured by:

- (i) fixed charge over the freehold land and buildings of the Group and of the Company (Notes 13 and 14);
- (ii) a negative pledge over the Company's and certain subsidiaries' assets; and
- (iii) corporate guarantee given by the Company and a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 22. BORROWINGS (CONT'D)

The maturity of the borrowings are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Under 1 year	1,214	4,009	591	2,436
1 - 2 years	1,767	240	720	-
2 - 5 years	1,849	720	1,129	-
Over 5 years	5,331	5,567	-	-
	10,161	10,536	2,440	2,436

### 23. TRADE AND OTHER PAYABLES

	Note	Group	
		2013 RM'000	2012 RM'000
<b>CURRENT</b>			
<b>Trade</b>			
Trade payables	23.1	4,557	3,883
<b>Non-trade</b>			
Other payables	23.2	1,166	2,035
Accrued expenses		196	1,228
		<hr/>	
		5,919	7,146

	Note	Company	
		2013 RM'000	2012 RM'000
<b>CURRENT</b>			
<b>Trade</b>			
Trade payables	23.1	233	237
<b>Non-trade</b>			
Other payables		574	2,029
Accrued expenses	23.2	56	223
Amount due to a subsidiary		13,874	10,889
		14,737	13,378

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 23. TRADE AND OTHER PAYABLES (CONT'D)

#### Note 23.1

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and to the Company range from 30 days to 60 days.

#### Note 23.2

The amount due to a subsidiary is in respect of advances and payments made on behalf which are non-trade in nature, unsecured, interest free, repayable on demand and expected to be settled in cash.

### 24. SEGMENTAL REPORTING

For management purposes, the Group is organised into business segments based on their products and services. The Group's chief operation decision maker reviews the information of each business segment on at least monthly basis for the purpose of resource and allocation and assessment of segment performance.

Accordingly, the Group's reportable segments under FRS 8 are as follows:

- |       |                                      |   |
|-------|--------------------------------------|---|
| (i)   | Manufacturing                        | - manufacturing of Fibre Reinforced Plastic ("FRP"), Reinforced Concrete Sewerage Treatment Plants ("STP") and Underground Storage Tanks ("UST"). |
| (ii)  | Construction, Maintenance and design | - Construction, maintenance, after-sales support services and design of FRP, STP and UST.   |
| (iii) | Waste management services            | - solid waste management, garbage collection, area cleaning, dump processing and other related activities.  |
| (iv)  | Investment                           | - investment holding and management services.   |

#### Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2(u). Segment results represent profit or loss before finance costs, interest income and tax expense. Inter-segment transactions are entered into in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

#### Segment assets

Segment assets are measured based on all assets of the segment, excluding deferred tax assets and tax recoverable.

#### Segment liabilities

Segment liabilities are measured based on all liabilities, excluding tax liabilities and deferred tax liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 24. SEGMENTAL REPORTING (CONT'D)

	Manufacturing		Construction, maintenance and design		Waste management services		Construction		Resources		Investment		Eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>																
External customers	5,146	8,629	1,168	1,656	13,289	7,028	495	-	-	-	-	-	-	-	20,098	17,313
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	-	2,236	-	(2,236)	-	-
	5,146	8,629	1,168	1,656	13,289	7,028	495	-	-	-	-	2,236	-	(2,236)	20,098	17,313
<b>Segment results</b>	117	(797)	(61)	881	4,695	(4,178)	186	-	(5)	-	1,923	(656)	(838)	(13,419)	6,017	(18,169)
Finance costs															(642)	(1,290)
Interest income															24	2
(Loss)/profit before tax															5,399	(19,457)
Tax expense															(2,233)	(790)
(Loss)/profit for the year															3,166	(20,247)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 24. SEGMENTAL REPORTING (CONT'D)

	Manufacturing			Construction, maintenance and design			Waste management services			Construction			Resources			Investment			Eliminations			Consolidated		
	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000	2013	2012	RM'000	2013	2012	
<b>Segment assets</b>	19,145	20,240	1,212	1,346	28,725	22,915	496	-	-	-	31,449	31,979	[45,069]	[37,987]	35,462	38,493								
Unallocated assets	-	-	-	-	-	120	-	-	-	-	-	-	-	-	-	-	120							
<b>Total assets</b>	19,145	20,240	1,212	1,346	28,725	23,035	496	-	-	-	31,449	31,979	[45,069]	[37,987]	35,462	38,613								
<b>Segment liabilities</b>	23,041	23,956	1,922	1,993	1,565	989	309	-	5	-	20,346	22,281	[30,404]	[24,396]	16,470	24,823								
Unallocated liabilities	2,935	2,800	-	-	2,209	-	48	-	-	-	2,865	3,173	-	-	8,009	5,973								
<b>Total liabilities</b>	25,976	26,756	1,922	1,993	3,774	989	357	-	5	-	23,211	25,454	[30,404]	[24,396]	24,479	30,796								
<b>Other segment information</b>																								
Depreciation	198	352	11	11	4	3	-	-	-	-	147	145	-	-	360	511								
Property, plant and equipment written off	-	117	-	-	-	-	-	-	-	-	-	-	-	-	-	-	117							
Impairment loss on - other investment	-	-	-	-	-	-	-	-	-	-	-	10,314	-	[10,314]	-	-	-							
- receivables	2,763	1,073	-	77	-	101	-	-	-	-	-	-	-	-	2,763	1,251								
Additions to non-current assets other than financial instruments and deferred tax assets	-	-	25	-	9	14	-	-	-	-	220	-	-	-	254	14								
Provision for financial guarantee	-	-	-	-	-	-	-	-	-	-	-	6,245	-	-	-	6,245								
Loss on disposal of other investment	-	-	-	-	-	15,542	-	-	-	-	-	-	-	-	-	-	15,542							

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 24. SEGMENTAL REPORTING (CONT'D)

#### Major customers

The following are major customers with revenue equal or more than 10% of the Group's revenue:

	Revenue		Segment
	2013	2012	
	RM'000	RM'000	
- Customer A	13,289	4,157	Waste management services

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director and Financial Controller. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The Group's and the Company's exposure to the financial risks and the objectives, policies and processes put in place to manage these risks are discussed below.

#### (i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk primarily arises from its trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position and financial guarantee to a bank in respect of banking facility granted to an affiliated company.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all new customers who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis to minimise the Company's exposure to bad debts.

#### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations associated with financial liabilities. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The repayment schedule of most defaulted banking facilities of the Group and of the Company have been restructured in the previous years. The Group actively manages its operating cash flows so as to ensure that all repayment and funding needs are met.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (ii) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturity

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

		2013			
	On demand	Within	Within	More than	Total
	RM'000	1 year	1 to 5 years	5 years	RM'000
		RM'000	RM'000	RM'000	

Financial liabilities:

#### Group

Trade payables	4,557	-	-	-	4,557
Other payables	1,362	-	-	-	1,362
Borrowings*	-	1,214	3,616	5,331	10,161
	5,919	1,214	3,616	5,331	16,080

#### Company

Trade payables	233	-	-	-	233
Other payables	14,504	-	-	-	14,504
Borrowings*	-	2,865	1,849	-	4,714
	14,737	2,865	1,849	-	19,451

		2012			
	On demand	Within	Within	More than	Total
	RM'000	1 year	1 to 5 years	5 years	RM'000
		RM'000	RM'000	RM'000	

Financial liabilities:

#### Group

Trade payables	3,883	-	-	-	3,883
Other payables	3,263	-	-	-	3,263
Borrowings*	222	4,009	960	8,398	13,589
	7,368	4,009	960	8,398	20,735

#### Company

Trade payables	237	-	-	-	237
Other payables	13,141	-	-	-	13,141
Borrowings*	222	2,436	-	-	2,658
	13,600	2,436	-	-	16,036

\* As disclosed in Note 22, the Group's restructured loan have no mandatory repayment rate unless the Company dispose off the pledged property. For the purpose of this analysis, the undiscounted payables obligation have been determined based on the assumption that the loan will be repaid at the end of 5 years.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2013



### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### (iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and advances from a director. Loans and borrowings and advances from a director which are at floating interest rate expose the Company to cash flow interest rate risk.

#### Sensitivity analysis for interest rate risk

If the interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's and the Company's profits for the year ended 31 December 2013 and 31 December 2012 would decrease/increase by RM16,000 and RM24,000 respectively as a result of exposure to floating rate borrowings.

### 26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The methods and assumptions used to determine the fair value of the following classes of financial assets and liabilities are as follows:

#### (a) Cash and cash equivalents, trade and other receivables and payables

The carrying amounts of cash and cash equivalents, trade and other receivables and payables are reasonable approximation of fair values due to short term nature of these financial instruments.

The carrying amount of non-current other payables which bears interest at floating rate approximates its fair value.

#### (b) Borrowings

The carrying amounts of the current portion of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amount of long term floating rate loans approximates their fair value as the loans will be re-priced to market interest rate on or near reporting date.

It is not practical to estimate the fair value of the Company's investment in unquoted shares due to lack of active market to determine reliably the fair value of the financial asset. The carrying amount of other financial assets and liabilities recognised in the statements of financial position approximate their fair values.

### 27. CONTINGENCIES

- (a) 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 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 fixed on 21 to 23 May and 26 to 28 May 2014.

The Directors after taking into consideration the facts of the above cases, in consultation with the Company's solicitors, are of the opinion that the Company has a good chance of success in defending the above cases. Accordingly, no provision for any liability has been made in these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2013

#### 27. CONTINGENCIES (CONT'D)

- (b) On 25 April 2013, the Company had entered a novation cum Settlement Agreement with Export-Import Bank of Malaysia Berhad ("EXIM") and Vibrant Tactic Sdn Bhd ("VTSB").

Under this agreement, VTSB assumed the obligations of the company in respect of the financial guarantee disclosed in Note 21 by issuing RM9,000,000 face value of zero coupon redeemable unsecured loan stock ("RULS") to EXIM. The RULS mature in progressive annual tranches commencing 15 December 2013 up to 15 December 2018. In the event, VTSB and/or the company defaults on the terms of the arrangement, EXIM reserves the right to enforce the judgement of the High Court against the Company.

The first redemption of RM1,000,000 was successfully made by EXIM to VTSB on 12 December 2013.

#### 28. SUBSEQUENT EVENTS

No significant event during the financial year.

#### 29. RELATED PARTIES

##### Identity of related parties

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or another entities.

There were no related parties transactions during the year.

#### 30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it will be able to continue as a going concern whilst maximising the return to its shareholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions. To maintain or adjust capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder, issue new shares and disposing its assets to repay borrowings. No changes were made in the objectives, policies and processes during the years ended 31 December 2013 and 31 December 2012.

## SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT AND LOSS

The following analysis of realised and unrealised accumulated losses of the Group and of the Company at 31 December 2013 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

The accumulated losses of the Group and of the Company as at 31 December 2013 is analysed as follows:

	Group RM'000	Company RM'000
Total accumulated losses of the Company and its subsidiaries		
- realised	(19,490)	(17,066)
- unrealised	-	-
	(19,490)	(17,066)
Add: Consolidation adjustments	-	-
Total accumulated losses	(19,490)	(17,066)

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

## LIST OF PROPERTIES

No	Address	Description	Sq.Ft	Existing use	Tenure	Age of building	*Net book value
1	Lot 46-1 Jalan Setiawangsa 11A Taman Setiawangsa 54200 Kuala Lumpur	Building	1,000	Vacant	Freehold	23 years	72,563
2	Lot 5.5.006 Wisma Prima Peninsula Jalan Setiawangsa 11 Taman Setiawangsa 54200 Kuala Lumpur	Building	1,215	Office Suite (Rented)	Freehold	-	245,765
3	(Plot 1) Lot 9 & 10 Jalan 9, Kawasan MIEL Fasa V Estate 08000 Sungai Petani Kedah Darul Aman	Factory Land and Building	496,539	Factory	Freehold	11 years	15,106,488
4	Plot 2, PT60593 08000 Sungai Petani Kedah Darul Aman	Factory Land and Building	201,716	Factory	Malay Reserve	14 years	5,751,105
5	Plot 3, PT60594 08000 Sungai Petani Kedah Darul Aman	Land	200,351	-	Malay Reserve	14 years	2,405,163
6	Plot 4, PT60595 08000 Sungai Petani Kedah Darul Aman	Land	218,410	-	Freehold	14 years	2,619,601

# SHAREHOLDINGS ANALYSIS

AS AT 5 MAY 2014



Authorised Capital	RM100,000,000.00
Issued and fully paid-up capital	RM25,000,000.00
Class of shares	Ordinary shares of RM0.50 each
Voting Rights	One vote per ordinary share

## CLASSIFICATION OF SHAREHOLDERS

Category of Shareholders	Malaysian		Foreign	
	No. of shares	%	No. of shares	%
1. Individual	19,177,781	38.35	76,009	0.15
2. Body Corporate				
a. Banks / Finance Companies	12,000	0.02	-	-
b. Trusts / Foundation / Charity	19,000	0.04	-	-
c. Private / Limited Company	15,197,600	30.40	-	-
3. Nominees	8,818,610	17.64	6,699,000	13.40
	43,224,991	86.45	6,775,009	13.55

Size of shareholdings	No. of shareholders		No. of shares	
	% of shareholders		% of shareholdings	
<100	7	0.79	329	0.00
100-1,000	231	26.10	192,183	0.38
1,001 – 10,000	356	40.23	1,868,206	3.74
10,001 – 100,000	236	26.66	8,452,954	16.91
100,001 – ← 5% issued shares	53	5.99	18,327,428	36.65
5% and above of issued shares	2	0.23	21,158,900	42.32
	885	100.00	50,000,000	100.00

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	No. of shares held		
		%	Deemed Interest	%
EMEF Technology Sdn Bhd	15,100,000	30.20	-	-
Cimsec Nominees (Asing) Sdn Bhd				
- Bank of Singapore Limited For Citrine Holdings Ltd	6,058,900	12.12	-	-

## DIRECTORS' SHAREHOLDINGS

Name	Direct Interest	No. of shares held		
		%	Deemed Interest	%
Abdul Rahman bin Haji Siraj	-	-	-	-
Ahmad bin Md Daud	-	-	-	-
Nik Md Nor Suhaimi bin Nik Ibrahim	-	-	-	-
Mohd Mahyudin bin Zainal	-	-	-	-

# SHAREHOLDINGS ANALYSIS

## AS AT 5 MAY 2014



### SHAREHOLDINGS ANALYSIS

#### 30 Largest Shareholders as at 5 May 2014

No.	Shareholders	Shareholding	%
1.	EMEF Technology Sdn Bhd	15,100,000	30.20
2.	Cimsec Nominees (Asing) Sdn Bhd		
	- Bank of Singapore Limited for Citrine Holdings Ltd	6,058,900	12.12
3.	Raja Mohd Nazri Bin Raja Abd Malek	2,140,000	4.28
4.	Cimsec Nominees (Tempatan) Sdn Bhd		
	- CIMB Bank for Mohammed Amin bin Mahmud	1,425,100	2.85
5.	RHB Capital Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Ab Ghaus bin Ismail	934,600	1.87
6.	HLB Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Leong Wye Keong	810,700	1.62
7.	Selvaraja A/L Krishnan Thevar	789,000	1.58
8.	RHB Capital Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Mohd Shafei bin Abdullah	570,000	1.14
9.	Mokhsen bin Ibrahim	525,828	1.05
10.	Mohd Noor Bin Bidin	451,000	0.90
11.	Lim Yaw Jenn	450,000	0.90
12.	HLIB Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Ridzuan bin Ismail	430,000	0.86
13.	HLIB Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Wan Mohammad Khair-Il Anuar	388,000	0.78
14.	Chan Ban Hou	370,000	0.74
15.	Public Invest Nominees (Asing) Sdn Bhd		
	- Exempt An For Phillip Securities Pte Ltd (Clients)	370,000	0.74
16.	Maybank Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Mohd Yunus bin Mohd Tasi	365,900	0.73
17.	Mohammed Amin Bin Mahmud	360,600	0.72
18.	Lim Yaw Shing	342,000	0.68
19.	HLB Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Lim Yaw Shing	337,900	0.68
20.	Khalijah binti Mohd Salleh	336,000	0.67
21.	Lim Yaw Shing	330,000	0.66
22.	Mohamad Yunus bin Ariffin	319,300	0.64
23.	Mohamad bin Sham	316,300	0.63
24.	Yong Siew Ngee	315,200	0.63
25.	Soon Khat Voon	305,000	0.61
26.	HLB Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Shanmughanathan A/L Vellanthurai	300,000	0.60
27.	Maybank Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Low Kok Chew	270,000	0.54
28.	Lim Yaw Jenn	250,000	0.50
29.	Amsec Nominees (Tempatan) Sdn Bhd		
	- Pledged Securities Account for Ridzuan bin Ismail	249,000	0.50
30.	Lim Lei Send	216,000	0.43
	<b>TOTAL</b>	<b>35,426,328</b>	<b>70.85</b>



# NOTICE OF ANNUAL GENERAL MEETING



**NOTICE IS HEREBY GIVEN THAT** the Twenty Ninth Annual General Meeting (“29th AGM”) of the Company will be held at Holiday Villa Subang, Level 3, Ivory 6 Meeting Room, No. 9 Jalan 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 June 2014 at 10.00 am for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon.

## AS ORDINARY BUSINESS

2. To re-elect Encik Mohd Mahyudin bin Zainal who retires by rotation pursuant to Article 102 of the Company’s Articles of Association, and being eligible, offered himself for re-election. Ordinary Resolution 1
3. To approve the fees payable to the Directors of the Company as follows:- Ordinary Resolution 2
  - Directors’ Fees at RM2,000 per month for each Director;
  - An additional Fee at RM1,000 per month for Chairman of the Board; and
  - An additional Fee at RM500 per month for Chairman of the Board Committee.
4. To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. Ordinary Resolution 3

## AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution, with or without modifications:-

5. **ORDINARY RESOLUTION 4  
PROPOSED RENEWAL OF AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

“That pursuant to Section 132D of the Companies Act, 1965 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next AGM of the Company and that the Directors be and are hereby further authorised to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued”.

6. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

**By Order of the Board**

**LIM SECK WAH (MAICSA NO. 0799845)**

**M. CHANDRANSEGARAN A/L S. MURUGASU (MAICSA NO.0781031)**

**Company Secretaries**

Dated: 4 June 2014

Selangor

# NOTICE OF ANNUAL GENERAL MEETING



## Notes:-

1. Depositors whose names appear in the Record of Depositors as at 20 June 2014 shall be regarded as members of the Company entitled to attend, speak and vote at this AGM.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) or more proxies to attend and vote at the meeting, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which EAN may appoint in respect of each omnibus account it holds. EAN is advised to list down the name of proxies and the particulars of their NRIC (both new and old) and attach it to this Form of Proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other attorney (if any), under which it is signed or notarially certified copy thereof, shall be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

## Notes to the Agenda:-

### Agenda 1

This agenda item is meant for discussion only as the provisions of Section 169(1) of the Companies Act, 1965 do not require shareholders to approve annual audited financial statements and hence, it is not put forward for voting.

### Agenda 3

**The Ordinary Resolution 2 is proposed to ensure that the Directors are adequately remunerated so that the Company will be able to attract and retain persons of calibre and credibility with the necessary skills and experience to be members of the Board of the Company.**

**All the Directors of the Company will abstain from voting on this Ordinary Resolution.**

### Agenda 5

The Proposed Ordinary Resolution 4 is primarily to give flexibility to the Board of Directors to issue shares in the Company up to a maximum of 10% of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company without convening a general meeting. This authority will, unless revoked or varied by the Company in a General Meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM required by law to be held, whichever is earlier. The mandate sought is a renewal of an existing mandate.

The renewed authority will provide flexibility to the Company for the allotment of shares for the purposes of future investment, working capital and/or acquisitions.

No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last AGM held on 27 June 2013.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING



## **Statement Accompanying Notice of the Twenty Ninth Annual General Meeting pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Director who is standing for re-election at the Annual General Meeting pursuant to Article 102 of the Company's Articles of Association:

- Encik Mohd Mahyudin bin Zainal

Details of attendance of Board Meetings of Director seeking re-election are set out on page 19 of the Annual Report.

Profile of Director standing for re-election is set out on page 05 of the Annual Report.



No. of ordinary  
shares held

I/We \_\_\_\_\_ I/C No./Co. No./CDS A/C No. \_\_\_\_\_  
(Full name in block capital)

of \_\_\_\_\_  
(Full address)

being a member/members of **PJBUMI BERHAD**, hereby appoint the following person(s):-

**NAME OF PROXY, NRIC NO. & ADDRESS**

**NO. OF SHARES OR % TO BE REPRESENTED  
BY PROXY**

1. \_\_\_\_\_
2. \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at Twenty Ninth Annual General Meeting of the Company to be held at Holiday Villa Subang, Level 3, Ivory 6 Meeting Room No. 9 Jalan SS 12/1, Subang Jaya, 47500 Petaling Jaya, Selangor Darul Ehsan on Friday, 27 June 2014 at 10.00 am. My/our proxy/proxies is/are to vote as indicated below:-

		FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
<b>ORDINARY BUSINESS</b>					
<b>ORDINARY RESOLUTION</b>					
1	To re-elect Encik Mohd Mahyudin bin Zainal who is retiring pursuant to Article 102				
2	To approve Directors' Fees payable to the Directors of the Company.				
3	To re-appoint Messrs Afrizan Tarmili Khairul Azhar as Auditors of the Company and to authorise the Directors to fix their remuneration.				
<b>SPECIAL BUSINESS</b>					
<b>ORDINARY RESOLUTION</b>					
4	Authority to Issue Shares by the Company pursuant to Section 132D of the Companies Act, 1965				

(Please indicate with a "V" or "X" in the space provided how you wish your vote to be cast. If no instruction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion). The first named proxy shall be entitled to vote on a show of hands.

Dated this .....day of .....2014

.....  
Signature/Common Seal

**Notes:**

1. Depositors whose names appear in the Record of Depositors as at 20 June 2014 shall be regarded as members of the Company entitled to attend, speak and vote at this AGM.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. When a member appoints two or more proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with ordinary shares of the Company. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee ("EAN") as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which EAN may appoint in respect of each omnibus account it holds. EAN is advised to list down the name of proxies and the particulars of their NRIC (both new and old) and attach it to this Form of Proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its Common Seal or under the hand of an attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other attorney (if any), under which it is signed or notarially certified copy thereof, must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

STAMP

The Company Secretaries  
**PJBumi Berhad (141537-M)**  
Level 15-2, Bangunan Faber Imperial Court,  
Jalan Sultan Ismail,  
P.O. Box 12337  
50774 Kuala Lumpur

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