

**PJ DEVELOPMENT HOLDINGS BERHAD (COMPANY NO. 5938-A)  
 QUARTERLY REPORT ON CONSOLIDATED RESULTS  
 FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2010**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Basis of Preparation**

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ('FRS') 134 'Interim Financial Reporting' issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2010 except for the adoption of the relevant FRSs, amendments to FRSs and IC Interpretations that are effective for financial years beginning on or after 1 January 2010 and 1 July 2010. Other than the implication as explained below, the adoption of other new FRSs, amendments to FRSs and IC Interpretations is either not applicable to the Group's operations or does not have a material financial impact to the financial position and results of the Group :

(a) FRS 101 – Presentation of Financial Statements (revised)

The amendments to FRS 101 require changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. All transactions with owners are presented in the consolidated statement of changes in equity, whereas all transactions with non-owners are presented in the consolidated statement of comprehensive income. Comparative balances of the Group had been reclassified so as to be in conformity with the revised FRS.

(b) Amendments to FRS 117 Leases

The amendments to FRS 117 require entities with existing leases of land to reassess the classification of land as a finance or operating lease. The Group had reclassified the existing leasehold land to property, plant and equipment following the reassessment, with no effect on reported profit or equity. However, as a result of the adoption of the amendments to FRS 117, comparative balances had been reclassified as follows :

	As previously reported RM'000	Effects of adopting the amendments to FRS 117 RM'000	As restated RM'000
Property, plant and equipment	419,539	13,411	432,950
Prepaid lease payments for land	13,411	(13,411)	-

(c) FRS 127 – Consolidated and Separate Financial Statements (revised)

The Standard replaces the current term 'minority interest' with a new term 'non-controlling interest' which is defined as the equity in a subsidiary that is not attributable, directly or indirectly, to a parent. Accordingly, total comprehensive income shall be attributed to the owner of the parent and to the non-controlling interest ('NCI'), even if this results in the NCI having deficit balance.

The comparative balance of minority interests had been reclassified as NCI and the Group did not reallocate to the NCI the previous losses that were attributable to the NCI but were attributed to the equity of the owner of the parent. The loss attributed to the NCI pursuant to this requirement of the Standard for the current quarter is RM38,000.

(d) FRS 139 – Financial Instruments : Recognition and Measurement and Amendments to FRS 139

Prior to the adoption of FRS 139, financial derivatives were recognised on their settlement dates. Outstanding derivatives at the date of the statement of financial position were not recognised. With the adoption of FRS 139, all financial assets and financial liabilities, including derivatives, are recognised at contract date when, and only when, the Group becomes a party to the contractual provisions of the instruments.

With the adoption of FRS 139, financial assets and financial liabilities of the Group were classified into following categories :

<b>Pre-FRS 139</b>	<b>Post-FRS 139</b>
Long-term investments excluding investments in subsidiaries and associates	Available-for-sale investments
Receivables	Loans and receivables
Long-term borrowings	Financial liabilities at amortised cost
Unrecognised derivative assets	Financial assets at fair value through profit or loss
Unrecognised derivative liabilities	Financial liabilities at fair value through profit or loss

The measurement bases of the Group which were applied to the financial assets and financial liabilities were changed to conform to the measurement bases of FRS 139. At initial recognition, all financial assets and financial liabilities are measured at their fair value plus in the case of financial instruments not at fair value through profit or loss, transaction costs directly attributable to the acquisition or issuance of the instruments. Subsequent to their initial recognition, the financial assets and financial liabilities are measured as follows :

<b>Categories</b>	<b>Measurement Bases</b>
Financial instruments at fair value through profit or loss	At fair value through profit or loss
Loans and receivables	At amortised cost using effective interest method
Available-for-sale investments	At fair value through other comprehensive income, unless fair value cannot be reliably measured, in which case, they are measured at cost
Financial liabilities at amortised cost	At amortised cost using effective interest method

All financial assets other than those classified as fair value through profit or loss are subject to impairment test of FRS 139.

**Impact on opening balances**

FRS 139 had been adopted prospectively in accordance with the transitional provisions of the Standard. In accordance to the transitional provisions for first-time adoption of FRS 139, adjustments arising from re-measuring the financial instruments of the Group as at 1 July 2010 were recognised as adjustments of the opening balance of retained earnings or other appropriate reserves as disclosed in the consolidated statement of changes of equity. Comparative balances were not adjusted. The adjustments are as follow :

	<b>Balance as at 1 July 2010 RM'000</b>	<b>Effects of FRS 139 RM'000</b>	<b>Balance after adoption of FRS 139 RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other investments	49,754	(49,754)	-
Available-for-sale investments	-	50,897	50,897
Trade and other receivables	30,795	(1,475)	29,320
Deferred tax assets	5,112	404	5,516
<b>Current assets</b>			
Trade and other receivables	204,761	(2,486)	202,275
<b>Equity</b>			
Available-for-sale reserve	-	1,143	1,143
Retained earnings	340,344	(1,212)	339,132

## A1 Basis of Preparation (continued)

- (d) FRS 139 – Financial Instruments : Recognition and Measurement and Amendments to FRS 139 (continued)

### Impact on opening balances (continued)

	Balance as at 1 July 2010 RM'000	Effects of FRS 139 RM'000	Balance after adoption of FRS 139 RM'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income	39,891	(1,867)	38,024
<b>Current liabilities</b>			
Deferred income	2,784	(478)	2,306

- (e) FRS 7 – Financial Instruments : Disclosures

Prior to the adoption of FRS 7, the disclosures for financial instruments were based on the requirements of the original FRS 132, *Financial Instruments : Disclosure and Presentation*. FRS 7 supersedes the disclosure requirements of FRS 132. The presentation requirements of FRS 132 remain unchanged. FRS 7 requires additional disclosures regarding fair value measurement and quantitative and qualitative market risk disclosures in the full year financial statements and not in the interim financial report.

- (f) FRS 4 – Insurance Contracts

The Group considers financial guarantee contracts entered into to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the financial guarantee contracts as a contingent liability until such a time as it becomes probable that the Group will be required to make payment under the guarantee.

## A2 Audit Qualification

The audit report of the Group's preceding annual financial statements was not qualified.

## A3 Seasonal or Cyclical Factors

The businesses of the Group were not materially affected by any significant seasonal or cyclical factors during the financial period under review.

## A4 Unusual Items

There were no items affecting assets, liabilities, equity, net income and cash flows of the Group that are unusual due to their nature, size or incidence for the current quarter and financial period to date.

## A5 Material Changes in Estimates of Amounts Reported

There were no material changes in estimates of amounts reported in prior interim periods of the current financial quarter or in prior financial years that have a material effect in the current financial period.



**A9 Material Events Subsequent to the Date of the Statement of Financial Position**

There was no material event subsequent to the end of the financial period under review.

**A10 Changes in the Composition of the Group**

There were no major changes in the composition of the Group for the financial period under review including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.

**A11 Changes in Contingent Liabilities or Contingent Assets**

There were no major changes in the contingent liabilities or contingent assets of the Group since the previous annual financial statements.

**A12 Valuation of Property, Plant and Equipment**

The Group did not perform any valuation on property, plant and equipment since the previous annual financial statements.

**A13 Capital Commitments**

Capital commitment not provided for in the financial statements as at 30 September 2010 is as follows:

	<u>RM'000</u>
Property, plant and equipment	
Contracted but not provided for in the financial statements	4,800
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**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**B1 Review of the Performance**

For the first quarter ended 30 September 2010, the Group achieved a revenue and pre-tax profit of RM136.03 million and RM11.70 million as compared to RM162.66 million and RM18.35 million for the corresponding quarter in the previous financial year.

Lower profit was recorded by the Group as compared to the corresponding quarter in the previous financial year mainly due to lower contribution from the Properties Division during the current quarter following the completion of Impian Meridian project in the immediate preceding quarter.

**B2 Comparison with Immediate Preceding Quarter**

The Group's revenue and pre-tax profit for the first quarter were lower as compared with RM186.37 million and RM22.29 million for the immediate preceding quarter arisen from the better performance of the Properties and Construction Divisions during the immediate preceding quarter.

**B3 Prospects**

The Board expects the Group to remain profitable in the financial year under review which is anticipated to be challenging despite the economic recovery.

**B4 Profit Forecast**

Not applicable as no profit forecast was published.

**B5 Tax Expense**

Taxation comprises:

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED 30/09/2010 RM '000	ENDED 30/09/2009 RM '000	ENDED 30/09/2010 RM'000	ENDED 30/09/2009 RM '000
Current tax expense				
Malaysia - current year	2,795	4,479	2,795	4,479
- prior year	2	-	2	
Overseas - current year	-	45	-	45
Deferred tax expense				
Origination and reversal of temporary differences	(4)	(2)	(4)	(2)
	<u>2,793</u>	<u>4,522</u>	<u>2,793</u>	<u>4,522</u>

**B6 Unquoted Investment and Properties**

There were no sales of unquoted investments and properties during the financial period under review.

**B7 Quoted Investments**

There were no purchases and sales of quoted securities during the financial period under review.

Investment in quoted securities which are classified as available-for-sale investments as at 30 September 2010 were as follow :

	RM '000
At cost	<u>61,843</u>
At carrying amount	<u>53,397</u>
At fair value	<u>53,397</u>

## B8 Status of Corporate Proposals

No corporate proposal has been announced but not completed at the latest practical date other than the proposed issue of New Warrants C which involves:-

- (i) the renounceable rights issue of up to 213,811,972 New Warrants in the Company ('Warrant(s) C') to all the shareholders of the Company on the basis of three (3) Warrants C for every eight (8) existing ordinary shares of RM1.00 each held on 10 November 2010 ('Entitlement Date') at an issue price of RM0.02 per Warrant C, and
- (ii) the restricted issue of up to 42,762,337 Warrants C in the Company to the holders of Unexercised 2000/2010 Warrants B on 29 October 2010, being the expiry date of Warrants B ('Expiry Date') on the basis of three (3) Warrants C for every eight (8) Unexercised 2000/2010 Warrants B held on the Expiry Date at an issue price of RM0.02 per Warrant C.

The proposals were approved by Bank Negara Malaysia, Bursa Malaysia Securities Berhad and shareholders of the Company on 27 August 2010, 8 September 2010 and 11 October 2010 respectively.

The Abridged Prospectus was lodged with Securities Commission and Companies Commission Of Malaysia on 9 November 2010. The Abridged Prospectus together with Notice of Provisional Allotment, Rights Subscription Forms and Provisional Allotment Letter were issued to the Entitled Shareholders and Entitled Warrants B Holders on 12 November 2010. The last date for acceptance and payment is 26 November 2010.

## B9 Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2010 are as follows:

	Foreign Currency '000	RM Equivalent '000
Current		
Secured		96,397
Unsecured		
- denominated in US Dollar (USD)	181	556
- denominated in Ringgit Malaysia (RM)		10,284
		<u>107,237</u>
Non-current		
Secured		175,849
Unsecured		
- denominated in US Dollar (USD)	468	1,437
- denominated in Ringgit Malaysia (RM)		1,617
		<u>178,903</u>
Total :		<u><u>286,140</u></u>

## B10 Off Balance Sheet Financial Instruments

As at 20 November 2010, the Group does not have any financial instruments with off balance sheet risk and which are within the scope of FRS 139.

## B11 Disclosure of Gains / Losses arising from Fair Value Changes of Financial Liabilities

The Group had no financial liabilities classified as fair value through profit or loss, thus there was no gain / loss arising from fair value changes of its financial liabilities for the current quarter and financial period to date.

## **B12 Changes in Material Litigation**

Swiss-Garden International Vacation Club Berhad ('SGIVCB'), a wholly owned subsidiary of the Company has initiated a civil suit against an external agent, Swiss Marketing Corporation Sdn. Bhd. ('Agent').

The civil suit taken by SGIVCB against the Agent was in respect of the wrongful repudiation of the Marketing Agreement entered into by the parties on 2 July 2001, resulting in SGIVCB suffered a loss and damage inter-alia amounting to a total of RM5,280,000. In this civil suit, the Agent has filed a counter claim against SGIVCB for its marketing fee amounting to RM21,091,000, electricity and rental charges pursuant to the Marketing Agreement and is seeking for loss, damages, interests and costs.

On 27 August 2010, the Court had allowed SGIVCB's claim against the Agent and ordered the Agent to pay the damages amounting to RM5,232,000, damages for the loss of use of promotion materials amounting to RM48,000, damages for misrepresentation and loss of goodwill of SGIVCB which is to be assessed by a Senior Assistant Registrar, interest at 8% per annum on the damages allowed commencing from the date when the writ was filed until full and final satisfaction and costs. The Agent had appealed against the Court award.

On the counter claim, the Court allowed claim for marketing fee, rental arrears amounting to RM1,840 and related costs. The said marketing fee, however, would need to be assessed by a qualified accountant agreed by both parties. On 3 September 2010, the Court appointed a qualified accountant to assess the Agent's marketing fee and subsequently fixed 6 October 2010 as mention date to monitor the assessment exercise.

On 6 October 2010, the Court determined the scope of work for the qualified accountant and did not fix another mention date until the assessment is completed by the qualified accountant.

The Board of Directors are of the opinion that, after taking into consideration the claim of damages of RM5,280,000 awarded by the Court to SGIVCB and accrued marketing fees, the outcome of the assessment exercise by the qualified accountant will not have material impact to the financial statements of the Group.

## **B13 Dividend**

No dividend is proposed for the period under review.

## **B14 Basic Earnings Per Share**

The calculation of basic earnings per share is based on the net profit attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the period, after taking into consideration of treasury shares held by the Company.

The diluted earnings per share are not shown as the exercise price of the warrants was higher than the market price of the ordinary shares as at the balance sheet date.

## **By Order of the Board**

**Leong Keng Yuen**  
**Wong Tiew Kim**  
Secretaries