

**PJ DEVELOPMENT HOLDINGS BERHAD (COMPANY NO. 5938-A)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2011**

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 2011.

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 2011 except for the adoption of the relevant FRSs, amendments to FRSs and IC Interpretations that are effective for financial year beginning on or after 1 July 2011. The adoption of 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.

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.

A6 Debt and Equity Securities

There were no significant changes in the debt and equity securities and no shares buy-back, share cancellation and resale of treasury shares for the financial period under review.

On 23 November 2005, the shareholders of the Company had approved the authority to the Company to repurchase up to 10% of its own shares. The authority granted by the shareholders was subsequently renewed during each subsequent annual general meeting and the latest renewal was on 24 November 2011.

During the financial period under review, there were no re-purchase of shares.

As at 30 September 2011, a total of 475,000 shares repurchased were being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. The Company may distribute the treasury shares as dividend to the shareholders or re-sell the treasury shares in the market in accordance with the Rules of Bursa Malaysia Securities Berhad or cancel the shares in accordance with Section 67A of the Companies Act, 1965.

The Company has neither made any resale nor any cancellation of its treasury shares.

A7 Dividend paid

No dividend is proposed for the period under review.

The first and final dividend of 5 sen per ordinary share less tax in respect of the financial year ended 30 June 2011 which was approved by the shareholders at the Annual General Meeting held on 24 November 2011 will be paid on 11 January 2012.

A8 Operating Segments

Operating segments information for the financial period to date:

	Properties RM'000	Construction RM'000	Manufacturing & Trading - Cable RM'000	- Building Material RM'000	Hotels & Leisure RM'000	Investment Holding RM'000	Others RM'000	Consolidated RM'000
Total Revenue	43,652	42,089	42,187	8,754	25,814	1,933	308	164,737
Inter-segment revenue	(42)	(16,908)	-	(1,598)	-	(825)	(288)	(19,661)
Revenue from external customers	43,610	25,181	42,187	7,156	25,814	1,108	20	145,076
Segment result	4,768	1,141	5,967	1,127	1,502	2,916	(100)	17,321
Financing costs								(2,226)
Interest income								697
Share of profit of equity accounted associates								328
Profit before taxation								16,120
Tax expense								(3,221)
Net profit for the period								12,899

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 2011 is as follows:

	RM '000
Contracted but not provided for	
Property, plant and equipment	2,621
Land held for property development	27,050
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	29,671
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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 2011, the Group achieved a revenue and pre-tax profit of RM145.08 million and RM16.12 million as compared to RM136.03 million and RM11.70 million for the corresponding quarter in the previous financial year.

The Group recorded a higher pre-tax profit against the corresponding quarter mainly owing to gain arising from the disposal of quoted investments amounting to RM4.39 million and better profit margin from Manufacturing and Trading Divisions.

B2 Comparison with Immediate Preceding Quarter

The Group saw a decrease in profit before tax as compared to the immediate preceding quarter. The Construction and Properties Divisions turned in lower profit which was compensated by the higher contributions from the Hotel & Leisure Division and the gain on disposal of quoted investments during the current quarter.

B3 Prospects

With the ongoing debt crisis in Europe and a pending global economic slow down, we see a challenging year ahead. As there is a brief gap between the ending projects and new launches, the Properties and Construction Divisions are expected to report lower earnings in the next two quarters. Other divisions are expected to perform satisfactorily.

B4 Profit Forecast

Not applicable as no profit forecast was published.

B5 Tax Expense

Taxation comprises:

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED 30/09/2011 RM '000	ENDED 30/09/2010 RM '000	ENDED 30/09/2011 RM'000	ENDED 30/09/2010 RM '000
Current tax expense				
Malaysia - current year	3,047	2,795	3,047	2,795
- prior year	-	2	-	2
Overseas - current year	167	-	167	-
Deferred tax expense				
Origination and reversal of temporary differences	7	(4)	7	(4)
	3,221	2,793	3,221	2,793

The Group's effective tax rate for the current financial period is lower than the statutory tax rate mainly due to the gain on disposal of quoted investments which is not taxable.

B6 Unquoted Investment and Properties

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

B7 Quoted Investments

Purchases and disposals of quoted securities during the financial period ended 30 September 2011 are as follow :

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED 30/09/2011 RM '000	ENDED 30/09/2010 RM '000	ENDED 30/09/2011 RM '000	ENDED 30/09/2010 RM '000
Total sale proceeds	<u>9,780</u>	<u>-</u>	<u>9,780</u>	<u>-</u>
Total gain on disposal	<u>4,387</u>	<u>-</u>	<u>4,387</u>	<u>-</u>
Total purchases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Investment in quoted securities which are classified as available-for-sale investments as at 30 September 2011 were as follow :

	RM '000
At cost	<u>57,083</u>
At carrying amount	<u>53,692</u>
At fair value	<u>53,692</u>

B8 Status of Corporate Proposals

No corporate proposal has been announced but not completed at the latest practical date.

B9 Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2011 are as follows:

	Foreign Currency '000	RM Equivalent '000
Current		
Secured		65,176
Unsecured		
- denominated in US Dollar (USD)	181	574
- denominated in Ringgit Malaysia (RM)		15,696
		<u>81,446</u>
Non-current		
Secured		191,143
Unsecured		
- denominated in US Dollar (USD)	287	909
- denominated in Ringgit Malaysia (RM)		10
		<u>192,062</u>
Total :		<u><u>273,508</u></u>

B10 Off Balance Sheet Financial Instruments

As at the last practical date, 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 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 30 September 2011 and 30 June 2011 is analysed as follow:

	As at 30/09/2011 RM '000	As at 30/6/2011 RM '000
Retained earnings of the Company and its subsidiaries :		
Realised	335,871	350,882
Unrealised	(19,564)	(19,574)
	<u>316,307</u>	<u>331,308</u>
Share of retained earnings from associates :		
Realised	50,437	52,056
Unrealised	911	947
	<u>367,655</u>	<u>384,311</u>
Consolidation adjustments	24,278	(5,278)
Total Group retained earnings as per consolidated accounts	<u><u>391,933</u></u>	<u><u>379,033</u></u>

B13 Changes in Material Litigation

Swiss-Garden International Vacation Club Berhad ('SGIVCB'), a wholly owned subsidiary of the Company had 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, which resulted in SGIVCB having suffered, amongst others, loss and damage amounting to RM5,280,344.16. In this civil suit, the Agent had filed a counter claim against SGIVCB claiming for its marketing fee, electricity and rental charges pursuant to the Marketing Agreement amounting to RM21,131,513.63, interests and costs.

On 27 August 2010, the Court allowed SGIVCB's claim against the Agent and ordered the Agent to pay damages amounting to RM5,231,706.00, damages for the loss of use of promotion materials amounting to RM48,638.16, damages for misrepresentation and loss of goodwill of SGIVCB to be assessed by a Senior Assistant Registrar, interest at 8% per annum commencing from the date when the writ was filed until full and final satisfaction and costs. The Agent appealed against the Court's award.

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

On 6 October 2010, the Court determined the scope of work for the qualified accountant.

On 21 March 2011, the qualified accountant submitted its final assessment to the Court and SGIVCB is awaiting an outcome from the Court.

On 14 October 2011, SGIVCB had filed an application for (i) a copy of the assessment report prepared by the qualified accountant, (ii) SGIVCB to be given leave to challenge and clarify the qualified accountant's assessment report and (iii) the qualified accountant to conduct an assessment pursuant to the rules of Court or (iv) the qualified accountant's assessment report to be set aside.

On 17 November 2011, the Court heard SGIVCB's application and ordered a copy of the qualified accountant's assessment report to be given to SGIVCB but dismissed the remaining prayers. On the same day, the Court adopted the findings by the qualified accountant in its assessment report and fixed the marketing fee at RM7,880,426. In connection to this, the Court also ordered that the Agent's claim for the marketing fee to be allowed at RM7,880,426 with interests at the rate of 4% per annum from 22 August 2009 until full settlement. SGIVCB has appealed against the Court's decisions delivered on 17 November 2011 in respect of SGIVCB's application and the amount of the marketing fee fixed by the Court.

The Board of Directors are of the opinion that, after taking into consideration the damages of RM5,280,344.16 and the damages for misrepresentation and loss of goodwill together with the accrued interests awarded by the Court to SGIVCB, the decision of the Court in the Agent's claim will not have material impact to the financial statements of the Group.

B14 Dividend

No dividend is proposed for the period under review.

B15 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 date of statement of financial position.

By Order of the Board

Leong Keng Yuen
Wong Tiew Kim
Secretaries