

**PJ DEVELOPMENT HOLDINGS BERHAD (COMPANY NO. 5938-A)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 31 December 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 was paid on 11 January 2012.

A8 Operating Segments

Operating segments information for the financial period to date:

	Properties	Construction	Manufacturing & Trading - Cable	- Building Material	Hotels & Leisure	Investment Holding	Others	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Total Revenue	84,394	96,783	91,402	16,607	55,922	2,793	687	348,588
Inter-segment revenue	(74)	(39,313)	-	(2,380)	-	(1,650)	(648)	(44,065)
Revenue from external customers	84,320	57,470	91,402	14,227	55,922	1,143	39	304,523
Results								
Segment result	8,726	2,854	10,961	2,500	6,271	3,216	(285)	34,243
Finance costs	(2,177)	(449)	(165)	-	(1,257)	(264)	-	(4,312)
Interest income	519	56	125	3	15	861	-	1,579
Share of profit of associates	-	-	-	-	-	615	-	615
Profit before tax	7,068	2,461	10,921	2,503	5,029	4,428	(285)	32,125
Tax expense	(1,512)	(959)	(2,918)	(241)	(554)	(284)	-	(6,468)
Net profit for the period	5,556	1,502	8,003	2,262	4,475	4,144	(285)	25,657

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 except for the acquisition of 50% of the entire issued and paid-up capital of Scotia Acres Sdn. Bhd. on 2 February 2012 comprising one (1) ordinary share of RM1.00 each by a subsidiary company.

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 31 December 2011 is as follows:

	RM '000
Contracted but not provided for	
Property, plant and equipment	<u>9,049</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1 Review of the Performance

For the second quarter ended 31 December 2011, the Group achieved a revenue and pre-tax profit of RM159.45 million and RM16.00 million as compared to RM145.83 million and RM21.90 million for the corresponding quarter in the previous financial year. The Group recorded a lower pre-tax profit against the previous corresponding quarter as a result of the lower contributions from the Properties, Construction and Manufacturing & Trading Divisions compensated by higher contribution from the Hotel & Leisure Division.

For the financial year-to-date, the Group recorded a revenue and pre-tax profit of RM304.52 million and RM32.12 million as compared to RM281.86 million and RM33.60 million for the corresponding financial year-to-date in the previous financial year. The results for both financial periods were fairly consistent.

Lower profit contribution for the current quarter of Properties Division was affected by the timing gap of completion of the existing projects against the subsequent new launches.

The performance for the current quarter of the Construction Division was slightly below the previous corresponding quarter. The previous quarter's profit margin was higher owing to upward revision upon project completion.

Revenue for the Manufacturing & Trading Division was higher as compared to the previous corresponding quarter. However, the results of this Division for the previous corresponding quarter had included the reversal of impairment loss of a trade receivable no longer required amounting to RM3.60 million which explained for the lower profit for the current quarter for this Division.

The increase in the occupancy rate of the hotels, resorts and inns as well as the increase in the timeshare memberships sold had turned in higher revenue and coupled with cost savings programmes, higher profit was achieved for the Hotel & Leisure Division for the current quarter.

Investment Holding Division recorded a gain on disposal of long term quoted investments of RM2.97 million for the current quarter and RM7.36 million for the financial year-to-date.

B2 Comparison with Immediate Preceding Quarter

The results of the Group for the current quarter were fairly consistent as compared to the immediate preceding quarter.

B3 Prospects

Whilst the current global economic and market uncertainties are likely to continue, the Group is expected to face a challenging time in the remaining quarters of the financial year. Contributions from the Properties and Construction Divisions are expected to be lower due to delay in new launches with contributions from other Divisions to be fairly consistent.

B4 Profit Forecast

Not applicable as no profit forecast was published.

B5 Profit for the period

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED	ENDED	ENDED	ENDED
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM '000	RM '000	RM'000	RM '000
Profit for the period is arrived at after crediting / (charging) :				
Depreciation and amortisation	(6,078)	(4,907)	(12,176)	(10,064)
Dividend income	35	281	1,143	1,108
Exceptional items	-	-	-	-
Gain on disposal of long term quoted investments	2,970	121	7,357	121
Gain or loss on derivatives	-	-	-	-
Gain on disposal of investment properties	-	2,021	-	2,021
Impairment loss on trade and other receivables	(330)	(465)	(596)	(628)
Impairment of assets	-	-	-	-
Interest accretion of trade receivables	285	-	521	-
Interest expense	(2,086)	(2,566)	(4,312)	(5,489)
Interest income	882	1,116	1,579	1,981
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-
Reversal of impairment loss on trade and other receivables	232	3,596	232	3,856
Unrealised foreign exchange (loss) / gain	(130)	4	(137)	(211)

B6 Tax Expense

Taxation comprises:

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED	ENDED	ENDED	ENDED
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM '000	RM '000	RM'000	RM '000
Current tax expense				
Malaysia - current year	3,018	6,048	6,065	8,843
- prior year	(3)	8	(3)	10
Overseas - current year	227	-	394	-
Deferred tax expense				
Origination and reversal of temporary differences	5	(460)	12	(464)
	<u>3,247</u>	<u>5,596</u>	<u>6,468</u>	<u>8,389</u>

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.

B7 Status of Corporate Proposals

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

B8 Group Borrowings and Debt Securities

Total Group borrowings as at 31 December 2011 are as follows:

	Foreign Currency '000	RM Equivalent '000
Current		
Secured		53,506
Unsecured		
- denominated in US Dollar (USD)	181	571
- denominated in Ringgit Malaysia (RM)		<u>23,659</u>
		<u>77,736</u>
Non-current		
Secured		226,645
Unsecured		
- denominated in US Dollar (USD)	241	762
- denominated in Ringgit Malaysia (RM)		8
		<u>227,415</u>
Total :		<u><u>305,151</u></u>

B9 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.

B10 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 31 December 2011 and 30 June 2011 is analysed as follow:

	As at 31/12/2011 RM '000	As at 30/6/2011 RM '000
Retained earnings of the Company and its subsidiaries :		
Realised	329,609	350,882
Unrealised	<u>(19,678)</u>	<u>(19,574)</u>
	309,931	331,308
Share of retained earnings from associates :		
Realised	52,379	52,056
Unrealised	<u>987</u>	<u>947</u>
	363,297	384,311
Consolidation adjustments	<u>24,137</u>	<u>(5,278)</u>
Total Group retained earnings as per consolidated accounts	<u><u>387,434</u></u>	<u><u>379,033</u></u>

B11 Changes in Material Litigation

(a) Swiss-Garden International Vacation Club Berhad vs Swiss Marketing Corporation Sdn Bhd

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.

B11 Changes in Material Litigation (continued)

(b) Karisma Sempurna Sdn Bhd, Koperasi Perumahan Kluang Berhad and Wonderful Mineral Resources Sdn Bhd vs PJD Pravest Sdn Bhd

PJD Pravest Sdn Bhd, a wholly owned subsidiary of the Company ("Pravest") discovered trespass on its land held under H.S.(D) No. 18906 P.T. 1664, Mukim Penor, District of Kuantan, Pahang ("Land") and lodged a police report on 5 March 2011.

Subsequently, it was discovered that there was a purported joint venture agreement dated 29 July 2010 ("JVA") with Karisma Sempurna Sdn Bhd, Koperasi Perumahan Kluang Berhad and Wonderful Mineral Resources Sdn Bhd ("Plaintiffs") to cultivate the Land for 30 years. Pravest also lodged a police report against the alleged involvement in the JVA.

The Plaintiffs initiated a civil suit against Pravest, seeking to enforce the purported JVA ("Suit").

Meanwhile, the Plaintiffs in the same Suit, also claim, among others, for (i) an order for permanent injunction prohibiting Pravest and/or its directors and/or agents from leasing or selling or from dealing with the Land in any way until the expiry of the lease, (ii) an order for permanent injunction prohibiting Pravest or its workers or agents from entering the Land or interfering or stop or attempt to stop the Plaintiffs from cultivating the Land and (iii) an order for specific performance that Pravest comply with the terms and conditions of the JVA.

Pravest filed an application to strike out the Plaintiffs' Writ of Summons and Statement of Claim in the Suit ("Striking Out") as Pravest had not entered into such JVA. The High Court dismissed Pravest's Striking Out application with costs.

The Plaintiffs filed an interlocutory application for an interim injunction, until the disposal of the Suit, which was allowed by the High Court with costs ("Injunction Order").

Pravest filed an application to vary the Injunction Order ("Pravest's Application") and also filed a Notice of Appeal to the Court of Appeal against the High Court Injunction Order ("Appeal"). The High Court fixed 9 March 2012 as hearing date for the Pravest's Application. No date has been fixed for the Appeal.

The High Court fixed 9 March 2012 as the next pre-trial case management date and also fixed 2 April 2012 to 6 April 2012 as the trial dates for the Suit.

The Board of Directors is of the opinion that, after taking into consideration that Pravest as the owner of Land had never entered into the any JVA with the Plaintiffs whereby police reports against the trespass on the Land and the involvement in the JVA has been made, the decision of the High Court will not have material impact on the financial statements of the Group.

B12 Dividend

No dividend is proposed for the period under review.

B13 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