PJ DEVELOPMENT HOLDINGS BERHAD (5938-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2013

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 ('MASB') 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 2012.

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 2012 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 January 2012 and 1 July 2012. 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.

As stated in the audited financial statements for the financial year ended 30 June 2012, the Group has elected for the continued use of FRSs for the financial years ended/ending 30 June 2013 and 30 June 2014 as a transitioning entity affected by the scope of Malaysian Financial Reporting Standard ('MFRS') 141 and/or IC Interpretation 15. The Group would subsequently adopt the MFRS framework for the financial year ending 30 June 2015.

On 7 August 2013, the MASB announced the extension of the transitional period for another year. Therefore, the Group would adopt the MFRS framework for the financial year ending 30 June 2016.

The Group is in the process of assessing the impact on the financial statements arising from the adoption of new FRSs and Amendments to FRSs and transition from FRSs to MFRS in future.

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 year 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 year.

A6 Debt and Equity Securities

There were no significant changes in the debt and equity securities except as disclosed below:

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 22 November 2012.

During the financial year, the Company repurchased 2,200,000 ordinary shares for a total cash consideration of RM1.849 million from the open market.

As at 30 June 2013, a total of 2,675,000 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

The first and final dividend of 5 sen per ordinary share less tax in respect of the financial year ended 30 June 2012 which was approved by the shareholders at the Annual General Meeting held on 22 November 2012 was paid on 23 January 2013.

A8 Operating Segments

Operating segments information for the financial year to date:

	Properties RM'000	Construction RM'000	Manufacturing & Trading - Cable RM'000	Manufacturing & Trading - Building Material RM'000	Hotels & Leisure RM'000	Investment Holding RM'000	Others RM'000	Consolidated RM'000
Revenue								
Total Revenue	240,343	323,241	213,147	59,443	127,794	22,778	1,566	988,312
Inter-segment revenue	(60)	(120,786)	-	(18,209)	(757)	(20,080)	(1,435)	(161,327)
Revenue from external customers	240,283	202,455	213,147	41,234	127,037	2,698	131	826,985
Results								
Segment result	39,374	2,812	23,473	7,143	19,156	(6,878)	(931)	84,149
Finance costs	(3,544)	(550)	(478)	-	(1,710)	(603)	-	(6,885)
Interest income	1,536	65	181	115	12	1,316	8	3,233
Share of profit / (loss) of								
- Associates	-	-	-	-	-	931	-	931
- Jointly Controlled Entity	-	-	-	-	-	(1,228)	-	(1,228)
Profit before tax	37,366	2,327	23,176	7,258	17,458	(6,462)	(923)	80,200
Tax expense	(9,241)	(1,476)	(6,260)	(1,333)	(3,355)	2,064	7	(19,594)
Net profit for the year	28,125	851	16,916	5,925	14,103	(4,398)	(916)	60,606

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 year under review.

A10 Changes in the Composition of the Group

There were no major changes in the composition of the Group for the financial year under review including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations, except the Group acquired a new subsidiary, Swiss-Inn JB Sdn. Bhd. (fka Real Symphony Sdn. Bhd.) with an issued and paid-up capital of RM2.00 and the balance shareholding of the 50% owned associated company, PJD Central Sdn. Bhd. (fka Sun-PJDC Sdn. Bhd.) with an issued and paid-up capital of RM5,002.00.

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 commitments not provided for in the financial statements as at 30 June 2013 are as follows:

	RM '000
Contracted but not provided for	
Property, plant and equipment	20,865
Leasehold land	111,780
Biological assets	481
	133,126

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1 Review of the Performance

For the fourth quarter ended 30 June 2013, the Group achieved revenue and pre-tax profit of RM234.43 million and RM28.30 million as compared to RM193.12 million and RM23.58 million for the corresponding quarter in the previous financial year.

For the current financial year, the Group recorded revenue and pre-tax profit of RM826.99 million and RM80.20 million as compared to RM638.89 million and RM69.05 million for the previous financial year.

The Properties Division had improved in both turnover and profit in the current quarter as compared to previous corresponding quarter. The improvement was mainly arising from sale of new projects such as You One @ Subang USJ, You City @ Cheras and D'Majestic which were launched towards the end of last financial year and during the current financial year.

The higher business volume had resulted in higher turnover for Construction Division, however, its pre-tax profit was lower mainly due to lower margin of certain projects.

The turnover was higher as compared to the previous corresponding quarter for the Manufacturing and Trading Division. However, the increase in profit is not in line with the increase in turnover due to lower net profit margin in this quarter.

The improvement in occupancy in the current quarter had contributed to the increase in turnover and profit of Hotel and Leisure Division for the current quarter. The number of timeshare memberships sold has also increased, contributing to the better earnings for this division.

B2 Comparison with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter was 35% higher as compared to the immediate preceding quarter. The increase in profit for the current quarter was mainly attributable to higher contributions from all divisions other than Construction Division.

B3 Prospects

The current global economic and market uncertainties continue to pose a challenge to the Group. The Group shall remain vigilant in our actions and proactive in management with cautious optimism while operating in a challenging business environment and will strive to perform better with the aim to achieving sustainable growth and enhancing shareholder value in the coming financial year.

In view of the Group's projects that were launched in the previous and current financial years which would continue to contribute positively to the Group's revenue and profit for the ensuing financial year; coupled with satisfactory performance of other business segments, going forward, the Group's performance for the next financial year is expected to improve further.

B4 Profit Forecast

Not applicable as no profit forecast was published.

B5 Profit for the year

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED	ENDED	ENDED	ENDED
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM '000	RM '000	RM'000	RM '000
Profit for the period is arrived at after crediting / (charging) :				
Depreciation and amortisation	(5,834)	(3,649)	(22,276)	(21,852)
Dividend income	770	477	2,697	1,620
Exceptional items	-	-	-	-
Gain on disposal of long term quoted investments	1,416	-	1,416	11,498
Gain or loss on derivatives	-	-	-	-
Gain on disposal of investment properties	34	-	185	-
Impairment loss on inventories	-	-	-	-
Impairment loss on trade and other receivables	(3,260)	491	(6,042)	(396)
Impairment of assets	-	-	-	-
Interest accretion of trade receivables	249	255	1,049	1,036
Interest expense	(1,289)	(1,473)	(6,885)	(7,719)
Interest income	1,027	661	3,233	2,957
Write off of receivables	(86)	-	(107)	(20)
Write down of inventories	(3,087)	(2,571)	(3,087)	(2,571)
Write off of inventories	(18)	(62)	(18)	(62)
Reversal of impairment loss and write off on trade and other receivables	763	(416)	763	336
Unrealised foreign exchange loss	(451)	23	(451)	(114)

B6 Tax Expense

Taxation comprises:

	CURRENT QUARTER ENDED 30/06/2013 RM '000	ENDED 30/06/2012 RM '000	CUMULATIVE QUARTER ENDED 30/06/2013 RM'000	ENDED 30/06/2012 RM '000
Current tax expense				
Malaysia - current year	3,571	2,928	15,026	11,688
- prior year	(69)	(166)	61	(285)
Overseas - current year	104	354	567	956
- prior year	-	7	-	7
Deferred tax expense				
Origination and reversal of temporary differences	3,899	4,582	3,940	4,612
	7,505	7,705	19,594	16,978

The Group’s effective tax rate for the current quarter was above the statutory tax rate due to certain expenses not allowed for tax deduction and there is no group relief on loss of foreign subsidiaries whereas the tax rate for financial year-to-date was approximately the statutory tax rate.

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 30 June 2013 are as follows:

	RM Equivalent '000
Current	
Secured	162,272
Unsecured	
- denominated in US Dollar 151,000	477
- denominated in Ringgit Malaysia (RM)	24,941
	187,690
Non-current	
Secured	178,751
	178,751
Total :	366,441

B9 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 30 June 2013 and 30 June 2012 is analysed as follow:

	As at 30/6/2013 RM '000	As at 30/6/2012 RM '000
Retained earnings of the Company and its subsidiaries :		
Realised	434,104	379,029
Unrealised	(28,181)	(24,017)
	405,923	355,012
Share of retained earnings from associates :		
Realised	25,121	28,592
Unrealised	944	982
	431,988	384,586
Share of retained earnings from a jointly controlled entity		
Realised	(1,228)	1,228
	430,760	385,814
Consolidation adjustments	27,166	28,197
Total Group retained earnings as per consolidated accounts	457,926	414,011

B10 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 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.

After a series of court hearings, on 27 August 2010, the High 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 as well as interest at 8% per annum, commencing from the date when the writ was filed until full and final satisfaction and costs.

At the same time, the High Court also allowed the Agent's claim for the marketing fee and related costs. The amount of the said marketing fee, however, would be assessed by a qualified accountant and set off with the damages awarded to SGIVCB.

The Agent appealed against the High Court's decision on 27 August 2010 ('Agent's Appeal'). The High Court appointed a qualified accountant for the assessment of the marketing fee on 3 September 2010.

On 17 November 2011, the High Court ordered that the Agent's claim for the marketing fee be allowed at RM7,880,426.00 with interests at the rate of 4% per annum from 22 August 2009 until full settlement. SGIVCB appealed to the Court of Appeal against the High Court's award ('SGIVCB's Appeal').

On 30 April 2012, the Court of Appeal allowed SGIVCB's Appeal and set aside the High Court's award given on 17 November 2011. The Court of Appeal further ordered that the amount of the marketing fee due to the Agent be remitted to the High Court for re-determination. On 20 September 2012, the High Court directed SGIVCB and the Agent to file their respective submissions and fixed the decision on 31 October 2012.

On 16 October 2012, the Court of Appeal dismissed the Agent's Appeal with costs of RM10,000 to be paid to SGIVCB.

On 31 October 2012, the High Court adjourned the decision on the re-determination of the Agent's marketing fee to 3 December 2012.

On 3 December 2012, the High Court rejected the UHY Report on its calculations of the marketing fees. Consequently, the High Court ordered UHY to recalculate the marketing fees ("High Court's Order dated 3 December 2012").

On 27 December 2012, the Agent filed an appeal to the Court of Appeal against the High Court's order dated 3 December 2012 ("Agent's 2nd Appeal"). There is no hearing date fixed at this stage.

On 20 February 2013, the Agent filed an application at the High Court to stay the execution and proceedings of the High Court's Order dated 3 December 2012 pending the determination of the Agent's 2nd Appeal ("Agent's Stay Application"). A case management date was fixed on 6 June 2013.

On 15 March 2013, UHY delivered the revised UHY Report pursuant to the High Court's Order dated 3 December 2012 ("UHY's Revised Report"). The High Court fixed a mention date on 29 May 2013 for parties to update the High Court in relation to the UHY's Revised Report and the status of the Agent's 2nd Appeal and the Agent's Stay Application.

On 3 May 2013, the High Court advised parties not to proceed with the proceedings in relation to the review of the UHY Report until after the disposal of the Agent's 2nd Appeal to save time and costs.

.

B10 Changes in Material Litigation (continued)

(a) **<u>Swiss-Garden International Vacation Club Berhad vs Swiss Marketing Corporation Sdn. Bhd. (continued)</u>**

On 29 May 2013, SGIVCB informed the High Court that SGIVCB agreed only to proceed with the review of the UHY Report after the 2nd Appeal. The Agent informed the High Court that the Agent prepared to withdraw the Agent's Stay Application without costs which was fixed for 6 June 2013. A case management date is fixed on 29 August 2013

On 6 June 2013, the Agent withdrew the Agent's Stay Application with no order for costs.

The Board of Directors is 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 High Court to SGIVCB, the decision of the Agent's 2nd Appeal will not have material impact on the financial statements of the Group.

(b) **Karisma Sempurna Sdn. Bhd., Koperasi Perumahan Kluang Berhad and <u>Wonderful Mineral Resources Sdn. Bhd. vs PJD Pravest Sdn. Bhd.</u>**

PJD Pravest Sdn. Bhd. ('Pravest'), a wholly owned subsidiary of the Company discovered trespass on its land held under H.S.(D) No. 18906 P.T. 1664, Mukim Penor, District of Kuantan, Pahang ('Land') and a police report was lodged on 5 March 2011.

Pravest subsequently discovered that there was a purported joint venture agreement ('JVA') dated 29 July 2010 entered by Pravest with Karisma Sempurna Sdn. Bhd., Koperasi Perumahan Kluang Berhad and Wonderful Mineral Resources Sdn. Bhd. ('Plaintiffs') to cultivate the Land for 30 years. Another police report was lodged in respect of the alleged involvement in the JVA.

On 11 April 2011, the Plaintiffs then initiated a civil suit against Pravest, seeking to enforce the purported JVA ('Suit'). The Plaintiffs in the same Suit, also claimed, 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.

On 14 September 2011, 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').

On 20 January 2012, Pravest filed an application to vary the Injunction Order ('Pravest's Application'). On 9 March 2012, the High Court allowed to vary the Injunction Order, allowing inter alia, Pravest to take necessary steps to maintain the infrastructures built and oil palm seedlings that have been planted on the land.

The full trial for the Suit commenced on 2 April 2012 and was subsequently adjourned to 28 January 2013.

Full trial was held on 28 January 2013 and the High Court fixed the case for clarification on 26 February 2013 and was postponed to 18 April 2013.

On 18 April 2013 the High Court of Kuantan dismissed the Plaintiffs' claim with cost to be determined by the Registrar. The High Court has also allowed Pravest to enforce the undertaking as to damages by the Plaintiffs in the interim injunction. The Plaintiffs have filed an appeal against the High Court's decision.

On 24 July 2013, after the scheduled hearing of notice for direction for assessment of damages in relation to the undertaking for damages under the order for interim injunction, the High Court of Kuantan has directed Pravest to file in its affidavit in support of claim for damages by 2 September 2013, Plaintiff to reply by 16 September 2013 and for a final reply by Pravest on 30 September 2013.

The Board of Directors is of the opinion that as the High Court has dismissed the Plaintiffs' claim with costs, the appeal filed by the Plaintiffs will not have a material impact on the financial statements of the Group.

B11 Dividend

The Board of Directors recommends a first and final dividend of 3.5% less tax and 1.5% tax exempt per share for the financial year ended 30 June 2013. The entitlement date of the dividend will be announced after the approval from shareholders is obtained at the forthcoming Annual General Meeting.

B12 Earnings Per Share

(a) Basic
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 financial year, after taking into consideration of treasury shares held by the Company.

	Group	
	2013	2012
	RM'000	RM'000
Profit attributable to equity holders of the parent	60,927	52,282
Weighted average number of ordinary shares in issue	456,134	456,134
Weighted average number of treasury shares held	(1,658)	(475)
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	454,476	455,659
Basic earnings per share	13.41	11.47

(b) Diluted
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