



PJ DEVELOPMENT HOLDINGS BERHAD (5938-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2013.

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 2013 except for the adoption of the relevant FRSSs, amendments to FRSSs and IC Interpretations that are effective for financial year beginning on or after 1 January 2013 and 1 July 2013. The adoption of new FRSSs, Amendments to FRSSs 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 2013, the Group has elected for the continued use of FRSSs for the financial years ended/ending 30 June 2013 to 30 June 2015 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 2016.

The Group is in the process of assessing the impact on the financial statements arising from the adoption of new FRSSs and Amendments to FRSSs and transition from FRSSs 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 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 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 21 November 2013.

During the financial period, the Company repurchased 237,300 ordinary shares for a total cash consideration of RM218,010 from the open market.

As at 30 September 2013, a total of 2,912,300 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 comprising a dividend of 3.5 sen per ordinary share less tax of 25% and a tax exempt dividend of 1.5 sen per ordinary share in respect of the financial year ended 30 June 2013 which was approved by the shareholders at the Annual General Meeting held on 21 November 2013 will be paid on 20 December 2013.

A8 Operating Segments

Operating segments information for the financial period from 1 July to 30 September 2013:

	Manufacturing & Trading							Consolidated
	Properties	Construction	- Cable	- Building	Hotels &	Investment	Others	RM'000
	RM'000	RM'000	RM'000	Material	Leisure	Holding	RM'000	RM'000
				RM'000	RM'000	RM'000		
Revenue								
Total Revenue	80,896	95,479	55,129	14,699	32,007	825	435	279,470
Inter-segment revenue	(19)	(36,898)	-	(5,030)	(166)	(825)	(400)	(43,338)
Revenue from external customers	80,877	58,581	55,129	9,669	31,841	-	35	236,132
Results								
Segment result	13,709	3,408	7,647	2,052	5,178	4,270	(210)	36,054
Finance costs	(542)	(19)	(104)	-	(265)	(53)	(14)	(997)
Interest income	307	-	58	12	4	324	-	705
Share of profit / (loss) of								
- Associates	-	-	-	-	-	367	-	367
- Jointly Controlled Entity	-	-	-	-	-	-	-	-
Profit before tax	13,474	3,389	7,601	2,064	4,917	4,908	(224)	36,129
Tax expense	(1,496)	(1,034)	(2,314)	(553)	(337)	-	-	(5,734)
Net profit for the period	11,978	2,355	5,287	1,511	4,580	4,908	(224)	30,395

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

	RM '000
Contracted but not provided for	
Property, plant and equipment	20,756
Investment property	111,780
Biological assets	481
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	133,017
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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 2013, the Group achieved revenue and pre-tax profit of RM236.13 million and RM36.13 million as compared to RM163.67 million and RM9.16 million for the corresponding quarter in the previous financial year.

The Properties Division had improved in both turnover and profit in the current quarter as compared to previous corresponding quarter. Lower profit was recorded in the previous corresponding quarter as most of the projects were just launched and earnings had just started flowing in.

The higher turnover and profit recorded for the Construction Division in this quarter was mainly due to higher business volume coupled with the upward revision of profit margin as compared to the previous corresponding quarter.

The turnover was higher as compared to the previous corresponding quarter for the Manufacturing & Trading Division. However, the increase in profit was not in line with the increase in turnover due to the difference in product mix.

Continued enhancements of our hotel properties have contributed to the improvement in occupancy rate during the current quarter resulting in the increase in turnover and profit of Hotel & Leisure Division. The number of timeshare memberships sold had also increased, contributing to the better earnings for this division.

The Investment Holding Division recorded a gain on disposal of long term quoted investments of RM9.44 million for the current quarter. No disposal was carried out during the corresponding quarter in the previous financial year.

B2 Comparison with Immediate Preceding Quarter

The Group's pre-tax profit for the current quarter was 28% higher as compared to the immediate preceding quarter. The increase in profit for the current quarter was mainly attributable to higher contributions from Construction and Manufacturing & Trading Divisions coupled with a gain on disposal of long term quoted investments.

B3 Prospects

The global economy continues to face downside risks, emanating from uncertainty surrounding fiscal and financial policy measures in major economies. While domestic demand is expected to remain stable, these uncertainties are expected to weigh on market sentiment and growth prospects.

With unbilled sales of close to RM800 million, the Properties Division is expected to generate satisfactory profits. Construction Division is expected to endure a challenging environment due to shortage of skilled labour and fluctuating material prices. Manufacturing & Trading Division will continue to perform well due to buoyant infrastructure and construction activities arising from the implementation of Economic Transformation Programme (ETP). Performance of Hotel & Leisure Division will continue to maintain stable amid stiff competition.

The Group's continued focus on its core competencies and established track record would ensure that it continues to deliver better results.

B4 Profit Forecast

Not applicable as no profit forecast was published.

B5 Profit for the period

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED	ENDED	ENDED	ENDED
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM '000	RM '000	RM'000	RM '000
Profit for the period is arrived at after crediting / (charging) :				
Depreciation and amortisation	(5,449)	(5,449)	(5,449)	(5,449)
Dividend income	-	638	-	638
Exceptional items	-	-	-	-
Gain on disposal of long term quoted investments	9,442	-	9,442	-
Gain or loss on derivatives	-	-	-	-
Gain on disposal of investment properties	-	-	-	-
Impairment loss on inventories	-	-	-	-
Impairment loss on trade and other receivables	(1,411)	(767)	(1,411)	(767)
Impairment of assets	-	-	-	-
Interest accretion of trade receivables	419	232	419	232
Interest expense	(997)	(1,914)	(997)	(1,914)
Interest income	706	669	706	669
Write off of receivables	-	(21)	-	(21)
Write down of inventories	-	-	-	-
Write off of inventories	-	-	-	-
Reversal of impairment loss and write off on trade and other receivables	736	-	736	-
Unrealised foreign exchange gain	15	-	15	-

B6 Tax Expense

Taxation comprises:

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED 30/09/2013 RM '000	ENDED 30/09/2012 RM '000	ENDED 30/09/2013 RM'000	ENDED 30/09/2012 RM '000
Current tax expense				
Malaysia - current year	5,617	2,327	5,617	2,327
- prior year	-	-	-	-
Overseas - current year	118	147	118	147
- prior year	-	-	-	-
Deferred tax expense				
Origination and reversal of temporary differences	(1)	9	(1)	9
	<u>5,734</u>	<u>2,483</u>	<u>5,734</u>	<u>2,483</u>

The Group's effective tax rate for the current quarter was below the statutory tax rate due to gains arising from certain subsidiaries which were not taxable and utilisation of unabsorbed tax losses, capital allowances and tax incentives of certain subsidiaries.

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 September 2013 are as follows:

	RM Equivalent '000
Current	
Secured	106,899
Unsecured	
- denominated in US Dollar 106,000	342
- denominated in Ringgit Malaysia (RM)	<u>17,909</u>
	<u>125,150</u>
Non-current	
Secured	<u>182,722</u>
	<u>182,722</u>
Total :	<u><u>307,872</u></u>

B9 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 30 September 2013 and 30 June 2013 are analysed as follow:

	As at 30/9/2013 RM '000	As at 30/6/2013 RM '000
Retained earnings of the Company and its subsidiaries :		
Realised	447,349	434,104
Unrealised	(29,011)	(28,181)
	<u>418,338</u>	<u>405,923</u>
Share of retained earnings from associates :		
Realised	26,942	25,121
Unrealised	972	944
	<u>446,252</u>	<u>431,988</u>
Share of retained earnings from a jointly controlled entity		
Realised	-	(1,228)
	<u>446,252</u>	<u>430,760</u>
Consolidation adjustments	42,074	27,166
Total Group retained earnings as per consolidated accounts	<u>488,326</u>	<u>457,926</u>

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 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.

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, rental arrears amounting to RM1,840 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 21 March 2011, the qualified accountant has submitted their assessment report to the Court.

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 qualified accountant's assessment report on its calculations of the marketing fees. Consequently, the High Court ordered the qualified accountant 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, the qualified accountant delivered the revised assessment report pursuant to the High Court's Order dated 3 December 2012 ("Revised Report"). The High Court fixed a mention date on 29 May 2013 for parties to update the High Court in relation to the 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 Revised Report until after the disposal of the Agent's 2nd Appeal to save time and costs.

B10 Changes in Material Litigation (continued)

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

On 29 May 2013, SGIVCB informed the High Court that SGIVCB agreed only to proceed with the review of the Revised Report after the 2nd Appeal. The Agent informed the High Court that the Agent was 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.

On 29 August 2013, the Agent informed the High Court that there is still no date fixed by the Court of Appeal for the Agent's 2nd Appeal. A mention date is fixed on 1 November 2013 for the parties to update the High Court in relation to the status of the Agent's 2nd Appeal.

On 1 November 2013, SGIVCB informed the High Court that attempts have been made by parties to fix date for the Agent's 2nd Appeal to be heard but to no avail. The High Court fixed a mention date on 16 January 2014 for parties to update the High Court in relation to the status of the Agent's 2nd Appeal.

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 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 Wonderful Mineral Resources Sdn. Bhd. vs PJD Pravest Sdn. Bhd.

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 had also allowed Pravest to enforce the undertaking as to damages by the Plaintiffs in the interim injunction.

B10 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. (continued)**

On 15 May 2013, the Plaintiffs filed an appeal against the High Court's decision. However, the Plaintiffs have since indicated that they will not pursue the appeal and they will withdraw the appeal accordingly.

On 16 May 2013, Pravest filed the 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 fixed the matter for further case management on 17 January 2014.

The Board of Directors is of the opinion that since the High Court has dismissed the Plaintiffs' claim with costs, coupled with the fact that the Plaintiffs have failed to take any further steps in relation to their appeal and have since indicated that they will withdraw their appeal, will not have a material impact on the financial statements of the Group.

B11 Dividend

No dividend is proposed for the period under review.

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 period, after taking into consideration of treasury shares held by the Company.

	Group	
	30/9/2013	30/9/2012
	RM'000	RM'000
Profit attributable to equity holders of the parent	30,400	6,696
Weighted average number of ordinary shares in issue	456,134	456,134
Weighted average number of treasury shares held	(2,760)	(475)
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	453,374	455,659
Basic earnings per share	6.71	1.47

(b) Diluted

The diluted earnings per share are not shown as the exercise price of the warrants was higher than the average market price of the ordinary shares during the financial period.

By Order of the Board

Leong Keng Yuen
Wong Tiew Kim
Secretaries