



## **PJ DEVELOPMENT HOLDINGS BERHAD (5938-A)**

### **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 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 FRSS, amendments to FRSS and IC Interpretations that are effective for financial year beginning on or after 1 January 2013 and 1 July 2013. 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 2013, the Group has elected for the continued use of FRSS 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 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 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:

### a) Shares Buy-Back/Treasury Shares

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 from 1 July to 31 December 2013, the Company repurchased 614,600 ordinary shares for a total cash consideration of RM645,070 from the open market.

As at 31 December 2013, a total of 3,289,600 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.

### b) Exercise of Warrants C 2010/2020

During the financial period ended 31 December 2013, the issued and paid-up capital of the Company was increased from RM456,133,692 to RM456,136,692 by the allotment of 3,000 new ordinary shares of RM1.00 each on 5 December 2013 pursuant to the exercise of 3,000 Warrants C 2010/2020.

## A7 Dividend paid

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 was paid on 20 December 2013.

## A8 Operating Segments

Operating segments information for the financial period from 1 July to 31 December 2013:

	Manufacturing & Trading							Consolidated
	Properties	Construction	- Cable	- Building	Hotels &	Investment	Others	Consolidated
	RM'000	RM'000	RM'000	Material	Leisure	Holding	RM'000	RM'000
<b>Revenue</b>								
Total Revenue	171,555	198,547	105,847	34,249	64,648	9,656	811	585,313
Inter-segment revenue	(35)	(83,879)	-	(12,918)	(435)	(9,569)	(710)	(107,546)
Revenue from external customers	171,520	114,668	105,847	21,331	64,213	87	101	477,767
<b>Results</b>								
Segment result	29,595	7,297	14,705	5,402	11,006	1,803	(482)	69,326
Finance costs	(2,022)	(22)	(173)	-	(472)	(228)	(25)	(2,942)
Interest income	579	-	116	27	8	595	-	1,325
Share of profit / (loss) of								
- Associates	-	-	-	-	-	725	-	725
- Jointly Controlled Entity	-	-	-	-	-	-	-	-
Profit before tax	28,152	7,275	14,648	5,429	10,542	2,895	(507)	68,434
Tax expense	(6,360)	(2,171)	(4,430)	(1,149)	(888)	1,887	(2)	(13,113)
Net profit for the period	21,792	5,104	10,218	4,280	9,654	4,782	(509)	55,321

**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 31 December 2013 are as follows:

	RM '000
Contracted but not provided for	
Property, plant and equipment	10,647
Biological assets	272
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	10,919
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## **ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

### **B1 Review of the Performance**

For the second quarter ended 31 December 2013, the Group achieved revenue and pre-tax profit of RM241.64 million and RM32.31 million respectively as compared to RM226.59 million and RM21.79 million respectively for the corresponding quarter in the previous financial year.

For the financial year-to-date, the Group recorded revenue and pre-tax profit of RM477.77 million and RM68.43 million respectively as compared to RM390.25 million and RM30.95 million respectively achieved in the previous financial year.

The Properties Division improved in both turnover and profit in the current quarter as compared to previous corresponding quarter. Projects which were launched in the previous financial year has generated higher turnover and profits in the current quarter as compared with previous corresponding quarter.

Higher turnover and profit were also generated from the Construction Division in this quarter due to higher value of work done coupled with the upward revision of profit margin as compared to the previous corresponding quarter.

The turnover and profit of building materials from the Manufacturing & Trading Division showed improvement from the previous corresponding period due to increase in demand for the product. However, turnover and profit was lower from the cables division as compared with previous corresponding period due to different customer mix with lower margin.

The enhancements of our hotel properties have continued to show improvement in turnover and profit for the Hotel & Leisure Division as compared with previous corresponding quarter. The performance of the timeshare membership is quite consistent with the previous year.

### **B2 Comparison with Immediate Preceding Quarter**

The Group's pre-tax profit for the current quarter was 11% lower as compared to the immediate preceding quarter. This is because a gain on disposal of long term quoted investments amounting to RM9.44 million was recorded in the previous quarter. Less out this gain, the current quarter shows an improvement of RM5.61 million or 21% over the preceding quarter. Generally all other operating divisions showed improved results in this quarter.

### **B3 Prospects**

Notwithstanding the guidelines introduced by Bank Negara that have created some uncertainties in the property market, with unbilled sales of close to RM848 million, the Properties Division is expected to continue to generate satisfactory profits from its existing projects. Construction Division is expected to continue to face a challenging environment due to shortage of skilled labour and fluctuating material prices. With the ongoing expansion programme of the building materials division coupled with increase in demand, the Manufacturing & Trading Division will continue to perform well. Performance of Hotel & Leisure Division will continue to remain 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 in the current financial year.

### **B4 Profit Forecast**

Not applicable as no profit forecast was published.

**B5 Profit for the period**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED	ENDED	ENDED	ENDED
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	RM '000	RM '000	RM'000	RM '000
Profit for the period is arrived at after crediting / (charging) :				
Depreciation and amortisation	(5,481)	(5,562)	(10,930)	(11,011)
Dividend income	88	1,289	88	1,927
Exceptional items	-	-	-	-
Gain on disposal of long term quoted investments	-	-	9,442	-
Gain or loss on derivatives	-	-	-	-
Gain on disposal of investment properties	-	151	-	151
Impairment loss on inventories	-	-	-	-
Impairment loss on trade and other receivables	(2,660)	-	(4,071)	(756)
Impairment of assets	-	-	-	-
Interest accretion of trade receivables	353	318	772	550
Interest expense	(1,945)	(1,935)	(2,942)	(3,849)
Interest income	619	1,036	1,325	1,705
Write off of receivables	-	-	-	(21)
Write down of inventories	-	-	-	-
Write off of inventories	-	-	-	-
Reversal of impairment loss and write off on trade and other receivables	3,284	11	4,020	-
Unrealised foreign exchange gain	(1)	-	14	-

## B6 Tax Expense

Taxation comprises:

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED 31/12/2013 RM '000	ENDED 31/12/2012 RM '000	ENDED 31/12/2013 RM'000	ENDED 31/12/2012 RM '000
Current tax expense				
Malaysia - current year	7,464	4,268	13,081	6,595
- prior year	-	129	-	129
Overseas - current year	162	167	280	314
- prior year	-	-	-	-
Deferred tax expense				
Origination and reversal of temporary differences	(247)	19	(248)	28
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	7,379	4,583	13,113	7,066
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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

The following corporate proposals as announced by the Company have not been completed at the latest practical date:

- 1) On 31 December 2013, the Company's wholly-owned subsidiary, PJD Land Sdn. Bhd. has entered into a Sale and Purchase Agreement with Able Starship Sdn. Bhd. for the disposal of a Twenty Eight (28) storey commercial/office tower known as "Menara PJD" located at Lot 737 Seksyen 47, for a total cash consideration of RM220 million.
- 2) On 20 January 2014, the Company's wholly-owned subsidiary, PJD-MM2H Sdn. Bhd. has entered into a Shareholders' Agreement with Agile Real Estate Development (M) Sdn. Bhd. for the joint development of a piece of land held under Geran 71968 Lot 67756, Mukim Batu, Daerah Kuala Lumpur ("The Land").
- 3) On 20 January 2014, the Company's wholly-owned subsidiary, PJD Regency Sdn. Bhd. has entered into a Sale and Purchase Agreement with Agile PJD Development Sdn. Bhd. for the disposal of The Land for a total consideration of RM186,043,888.

**B8 Group Borrowings and Debt Securities**

Total Group borrowings utilised as at 31 December 2013 are as follows:

	RM Equivalent '000
Current	
Secured	148,992
Unsecured	
- denominated in US Dollar 60,000	197
- denominated in Ringgit Malaysia (RM)	<u>1,366</u>
	<u>150,555</u>
Non-current	
Secured	<u>299,162</u>
	<u>299,162</u>
Total :	<u><u>449,717</u></u>

**B9 Disclosure of Realised and Unrealised Profits or Losses**

The retained earnings as at 31 December 2013 and 30 June 2013 are analysed as follow:

	As at 31/12/2013 RM '000	As at 30/6/2013 RM '000
Retained earnings of the Company and its subsidiaries :		
Realised	453,972	434,104
Unrealised	<u>(28,318)</u>	<u>(28,181)</u>
	425,654	405,923
Share of retained earnings from associates :		
Realised	25,624	25,121
Unrealised	<u>1,030</u>	<u>944</u>
	452,308	431,988
Share of retained earnings from a jointly controlled entity		
Realised	<u>-</u>	<u>(1,228)</u>
	452,308	430,760
Consolidation adjustments	<u>42,281</u>	<u>27,166</u>
Total Group retained earnings as per consolidated accounts	<u><u>494,589</u></u>	<u><u>457,926</u></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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> Appeal.

On 1 November 2013, SGIVCB informed the High Court that attempts have been made by parties to fix date for the Agent's 2<sup>nd</sup> 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 2<sup>nd</sup> Appeal.

On 16 January 2014, SGIVCB informed the High Court that SGIVCB has sent a letter dated 27 December 2013 to the Court of Appeal requesting for a case management date to be fixed before Registrar ("SGIVCB's letter"). However, the Court of Appeal has yet to respond to SGIVCB's letter. As such, the High Court fixed another mention date on 17 March 2014 for parties to update the High Court in relation to the status of the Agent's 2<sup>nd</sup> 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 2<sup>nd</sup> 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.

**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)**

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.

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 High Court of Kuantan has further fixed the hearing on 19 February 2014.

On 18 February 2014, the Plaintiffs served an unsealed Notice of Application to stay and to strike out Pravest Application for assessment of damages ("Plaintiffs' Application to Strike Out"). During the hearing on 19 February 2014, the Court stayed Pravest's application pending the hearing of Plaintiffs' Application to Strike Out. The Court has fixed the case management for Plaintiffs' Application to Strike Out on 19 March 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	
	31/12/2013	31/12/2012
	RM'000	RM'000
Profit attributable to equity holders of the parent	55,342	23,907
Weighted average number of ordinary shares in issue	456,134	456,134
Weighted average number of treasury shares held	(2,978)	(829)
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	453,156	455,305
Basic earnings per share (sen)	12.21	5.25

**B12 Earnings Per Share (continued)**

(b) Diluted

	Group	
	31/12/2013	31/12/2012
	RM'000	RM'000
Profit attributable to equity holders of the parent	55,342	23,907
Weighted average number of ordinary shares in issue	456,134	456,134
Weighted average number of treasury shares held	(2,978)	(829)
Effect on conversion of Warrant C	21,577	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	474,733	455,305
Diluted earnings per share (sen)	11.66	5.25

**By Order of the Board****Leong Keng Yuen**  
**Wong Tiew Kim**  
Secretaries