



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

### **QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2014**

#### **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:

a) Shares Buy-Back/Treasury Shares

On 23 November 2005, the shareholders of the Company had authorised the Company to purchase 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 year, the Company repurchased 2,103,300 ordinary shares for a total cash consideration of RM3,018,394.96 from the open market.

As at 30 June 2014, a total of 4,778,300 shares purchased 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 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 sale nor any cancellation of its treasury shares.

**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.

The single tier interim dividend of 2.5% per ordinary share in respect of the financial year ended 30 June 2014 was paid on 25 June 2014.

## A8 Operating Segments

Operating segments information for the financial year ended 30 June 2014:

	Manufacturing & Trading							Consolidated RM'000
	Properties RM'000	Construction RM'000	- Cable RM'000	- Building Material RM'000	Hotels & Leisure RM'000	Investment Holding RM'000	Others RM'000	
<b>Revenue</b>								
Total Revenue	597,200	403,898	192,249	80,126	125,623	43,797	1,843	1,444,736
Inter-segment revenue	(79)	(199,829)	-	(29,249)	(768)	(43,710)	(1,599)	(275,234)
Revenue from external customers	597,121	204,069	192,249	50,877	124,855	87	244	1,169,502
<b>Results</b>								
Segment result	73,405	4,495	25,344	12,565	18,557	(3,012)	(842)	130,512
Finance costs	(1,517)	(32)	(237)	-	(1,150)	(309)	(53)	(3,298)
Interest income	1,717	2	135	50	23	1,074	54	3,055
Share of profit / (loss) of								
- Associates	-	-	-	-	-	1,356	-	1,356
- Jointly Controlled Entity	-	-	-	-	-	-	-	-
Profit before tax & exceptional item	73,605	4,465	25,242	12,615	17,430	(891)	(841)	131,625
<u>Exceptional items</u>								
Gain from Disposal of Investment Property	95,435	7,450	-	-	-	-	-	102,885
Gain from Disposal of Land	56,485	930	-	-	-	-	-	57,415
Impairment of Property, Plant & Equipment	-	-	-	-	(25,359)	-	-	(25,359)
Profit before tax after exceptional items	225,525	12,845	25,242	12,615	(7,929)	(891)	(841)	266,566
Tax expense	(36,292)	(3,829)	(7,295)	(3,144)	(3,666)	1,885	(4)	(52,345)
Net profit for the year	189,233	9,016	17,947	9,471	(11,595)	994	(845)	214,221

Operating segments information for the financial year ended 30 June 2013:

	Manufacturing & Trading							Consolidated RM'000
	Properties RM'000	Construction RM'000	- Cable RM'000	- Building Material RM'000	Hotels & Leisure RM'000	Investment Holding RM'000	Others RM'000	
<b>Revenue</b>								
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
<b>Results</b>								
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 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 on the acquisition of new subsidiaries as follow:

<u>Name</u>	<u>Issued Capital</u>	<u>Effective Interest</u>	<u>Date of Acquisition</u>
Vibrant Practice Sdn. Bhd.	RM2.00	100%	21.05.2014
Ancient Capital Sdn. Bhd.	RM2.00	100%	21.05.2014
Yarra Park City Pty Ltd (fka Yarra Vision Park Pty Ltd)	AUD3,000,000.00		20.05.2014
-Subscribed for Additional shares	<u>AUD4,250,000.00</u> <u>AUD7,250,000.00</u>	75%	05.06.2014

**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 2014 are as follows:

	RM '000
Contracted but not provided for	
Property, plant and equipment	31,252
Biological assets	82
	<hr/>
	31,334
	<hr/>

## **ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

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

For the fourth quarter ended 30 June 2014, the Group achieved revenue and pre-tax profit of RM464.00 million and RM171.05 million respectively as compared to RM234.43 million and RM28.30 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 RM1,169.50 million and RM266.57 million respectively as compared to RM826.99 million and RM80.20 million respectively achieved in the previous financial year. The higher year-to-date revenue and pre-tax profit as compared with the previous financial year is due to higher Revenue recorded under Property and Building Material Divisions.

Higher sales units and construction work-in-progress from projects such as You City at Cheras, Swiss-Garden Resort Residences at Kuantan and D'Majestic at Pudu have resulted in better performance for the Property Division in both revenue and profit.

The turnover and profit of building materials from the Manufacturing & Trading Division showed improvement from the previous corresponding period due to higher demand for our products.

The Cable Division profit was higher as compared with the preceding quarter despite slightly lower sales. The Construction Division registered a stronger pre-tax profit of RM12.8 million on the back of higher revenue of RM403.8 million during the quarter under review.

For the Hotel & Leisure Division, the turnover and profit were lower as compared with the previous corresponding period, due to lower tourist arrivals to Malaysia in Q414 which resulted in a reduction in room occupancy rate. During the quarter under review, the Hotel & Leisure Division recorded pre-tax loss of RM7.9 million due to the impairment of Jetty & Infrastructure amounting to RM25.3 million. The performance of the timeshare membership also showed some set back with lower number of membership sold thus affecting the profit in the current quarter.

Disposal of Investment Property and Land during the year has contributed RM160.3 million to the pre-tax profit for the Property and Construction division.

### **B2 Material Changes in Quarterly Results**

(Comparison on current quarter with immediate preceding quarter)

For the current quarter under review, the Group's pre-tax profit of RM171.05 million is 531% higher than the pre-tax profit for the immediate preceding quarter of RM27.09 million. The higher profit recorded in the quarter under review was mainly derived from the strong sales in property division and the gain from the disposal of investment property and land. The rest of the division of the Group - Construction, Cable, Building Material and Hotel also recorded higher profit in the quarter as compared with the profit for the immediate preceding period.

### **B3 Prospects**

While the Group expects the recent property cooling measures announced by the Government may affect the property market sentiment in the short to medium term, the Group remains confident that its property division will continue to contribute positively and significantly to Group's earning in the coming financial year.

With the Group's core competencies and established track record, the board is optimistic that the Group will continue to achieve good performance in the coming financial year.

### **B4 Profit Forecast**

Not applicable as no profit forecast was published.

**B5 Profit for the year**

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED	ENDED	ENDED	ENDED
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM '000	RM '000	RM'000	RM '000
Profit for the period is arrived at after crediting / (charging) :				
Depreciation and amortisation	(4,880)	(5,834)	(20,188)	(22,276)
Dividend income	-	770	88	2,697
Exceptional items	-	-	-	-
Gain on disposal of long term quoted investments	-	1,416	9,442	1,416
Gain or loss on derivatives	-	-	-	-
Gain on disposal of investment properties	102,885	34	102,885	185
Impairment loss on inventories	-	-	-	-
Impairment loss on trade and other receivables	(2,558)	(3,260)	(7,197)	(6,042)
Impairment of assets	(25,359)	(589)	(25,359)	(589)
Interest accretion of trade receivables	415	249	1,476	1,049
Interest expense	1,951	(1,289)	(3,298)	(6,885)
Interest income	1,088	1,027	3,055	3,233
Write off of receivables	(10)	(86)	(18)	(107)
Write down of inventories	-	(3,087)	-	(3,090)
Write off of inventories	(184)	(18)	(184)	(18)
Reversal of impairment loss and write off on trade and other receivables	2,024	763	7,036	763
Unrealised foreign exchange gain	(101)	(451)	(71)	(479)

## B6 Tax Expense

Taxation comprises:

	CURRENT QUARTER		CUMULATIVE QUARTER	
	ENDED 30/06/2014 RM '000	ENDED 30/06/2013 RM '000	ENDED 30/06/2014 RM'000	ENDED 30/06/2013 RM '000
Current tax expense				
Malaysia - current year	37,518	3,571	57,118	15,026
- prior year	(375)	(69)	(689)	61
Overseas - current year	111	104	507	567
- prior year	(4)	-	(4)	-
Deferred tax expense				
Origination and reversal of temporary differences	(4,569)	3,899	(4,587)	3,940
	<hr/>			
	32,681	7,505	52,345	19,594
	<hr/>			

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

Yarra Park City Pty Ltd (Yarra) is a 75% owned subsidiary of P.J.(A) Pty Ltd, a wholly owned subsidiary of Pengerang Jaya Pte Ltd, which in turn is a wholly owned subsidiary of PJD, was incorporated in New South Wales, Australia on 20 May 2014.

Dynasty Falls Pty Ltd (Dynasty) was incorporated in Victoria, Australia on 30 March 1992 and was the registered owner of the land (The property) approximately 2.026 hectares, located at Victoria, Australia.

On 19 June 2014, Yarra had entered into a put and call option deed with Dynasty for the option to purchase the Property owned by Dynasty for a total cash consideration of AUD145,000,000 ("Put and Call Option Deed").

On 15 July 2014, Yarra obtained the approval/statement of non-objection from the Foreign Investment Review Board ("FIRB") on the Proposed Acquisition of the Property owned by Dynasty.

On 23 July 2014, Yarra exercised its call option under the Put and Call Option Deed and entered into a contract of sale of real estate ("Contract") with Dynasty to purchase the Property. The Contract is subject to PJD obtaining the approval from its shareholders at an extraordinary general meeting ("EGM") to be convened in relation to the Proposed Acquisition.

**B8 Group Borrowings and Debt Securities**

Total Group borrowings utilised as at 30 June 2014 are as follows:

	RM Equivalent '000
Current	
Secured	52,766
Unsecured	6,168
	<hr/>
	58,934
Non-current	
Secured	213,243
	<hr/>
	213,243
Total :	<hr/> <hr/>
	272,177

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

The retained earnings as at 30 June 2014 and 30 June 2013 are analysed as follow:

	As at 30/06/2014 RM '000	As at 30/6/2013 RM '000
Retained earnings of the Company and its subsidiaries :		
Realised	563,676	434,104
Unrealised	(23,888)	(28,181)
	<hr/>	<hr/>
	539,788	405,923
Share of retained earnings from associates :		
Realised	26,964	25,121
Unrealised	1,064	944
	<hr/>	<hr/>
	567,816	431,988
Share of retained earnings from a jointly controlled entity		
Realised	-	(1,228)
	<hr/>	<hr/>
	567,816	430,760
Consolidation adjustments	84,145	27,166
Total Group retained earnings as per consolidated accounts	<hr/>	<hr/>
	651,961	457,926



## 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 RM5,280,000. 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 RM21,132,000, interests and costs.

The High Court on 27<sup>th</sup> August 2010 allowed SGIVCB's claim against the Agent and ordered the Agent to pay damages amounting to RM5,232,000 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. The High Court also allowed the Agent's claim for 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 against the damages awarded to SGIVCB.

The High Court appointed a qualified accountant for the assessment of the marketing fee on 3<sup>rd</sup> September 2010, which was submitted on 21<sup>st</sup> March 2011, but was rejected by the High Court on 3<sup>rd</sup> December 2012. Consequently, the High Court ordered the qualified accountant to recalculate the marketing fees ("**High Court's Order dated 3<sup>rd</sup> December 2012**").

The Agent filed an appeal to the Court of Appeal against the High Court's Order dated 3<sup>rd</sup> December 2012 ("**Agent's Appeal**")

On 2<sup>nd</sup> July 2014, the Court of Appeal dismissed the Agent's Appeal with costs of RM10,000.00 to be paid to SGIVCB ("**Decision dated 2<sup>nd</sup> July 2014**"). The Agent subsequently filed a Notice of Motion to apply for leave from the Federal Court to appeal against the Decision dated 2<sup>nd</sup> July 2014. ("Agent's Leave Application"). The Agent is to revert on 2<sup>nd</sup> September 2014 to confirm the acceptability of the revised marketing fee.

SGIVCB's solicitors are of the view that assuming the Federal Court dismisses the Agent's Leave Application and the High Court accepts the revised marketing fee report, the estimated damages payable by the Agent to SGIVCB is RM136,404.16 (being the difference between the amount of losses payable by the Agent to SGIVCB and the amount of outstanding marketing fees owed by SGIVCB to the Agent as calculated under the revised marketing fees report), excluding interest, damages for misrepresentation and loss of goodwill (which have not been assessed) and costs.

The Board of Directors are of the opinion that the damages together with the accrued interests awarded by the High Court to SGIVCB notwithstanding the Agent's Leave Application will not have material impact on the financial statements of the Group.

## **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.**

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 initiated a civil suit against Pravest, seeking to enforce the purported JVA ('Suit'). The Plaintiffs also 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 the variation of the Injunction Order, allowing *inter alia*, Pravest to take necessary steps to maintain the infrastructures built and cultivate the oil palm seedlings that have been planted on the land.

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 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 Application for Assessment of Damages")

The Plaintiffs have filed another application to cross-examine the deponent of Pravest's affidavit in support of Pravest's Application for Assessment of Damages ("the Plaintiff's Application"). The Court has directed the parties to exhaust affidavits by 9 July 2014 and the Court has heard both parties' oral submission on 27 August 2014 and will deliver its decision on 30 September 2014. If the Court, upon hearing the submissions by both parties, dismisses the Plaintiffs' application, the Court will then decide Pravest's Application for Assessment of Damages. If the Court allows the Plaintiffs' Application, the Court will fix a date for the Plaintiff's counsel to cross-examine the deponent of Pravest.

The Board of Directors are of the opinion that since the High Court has dismissed the Plaintiffs' claim with costs, coupled with the fact that the Plaintiffs had withdrawn their High Court Appeal, the case will not have a material impact on the financial statements of the Group.

## **B11 Dividend**

The Board of Directors recommend a single tier Final Dividend of 2.5% per ordinary share for the financial year ended 30 June 2014. With this Final Dividend and the single tier Interim Dividend of 2.5% per ordinary share which was paid on 25 June 2014, the total dividend for the year is 5% per ordinary share. (Comparative year ended 30 June 2013 was 3.5% less 25% income tax, and 1.5% tax exempt per ordinary share).

The entitlement date of the Final Dividend will be announced after obtaining the approval from shareholders 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	
	30/06/2014	30/06/2013
	RM'000	RM'000
Profit attributable to equity holders of the parent	223,999	60,927
Weighted average number of ordinary shares in issue	456,134	456,134
Weighted average number of treasury shares held	(3,294)	(1,658)
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	452,840	454,476
Basic earnings per share (sen)	49.47	13.41

### (b) Diluted

	Group	
	30/06/2014	30/06/2013
	RM'000	RM'000
Profit attributable to equity holders of the parent	223,999	60,927
Weighted average number of ordinary shares in issue	456,134	456,134
Weighted average number of treasury shares held	(3,294)	(1,658)
Effect on conversion of Warrant C	52,402	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	505,242	454,476
Diluted earnings per share (sen)	44.33	13.41

## By Order of the Board

**Chua Siew Chuan (MAICSA 0777689)**  
**Yau Jye Yee (MAICSA 7059233)**  
Company Secretaries