



PJ DEVELOPMENT HOLDINGS BERHAD (5938-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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' and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2014.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2014 except for the adoption of the following new/revised FRSs and amendments to FRSs:

Title	Effective Date
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to FRS 12 <i>Disclosure of Interests in Other Entities: Investment Entities</i>	1 January 2014
Amendments to FRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Leases</i>	1 January 2014
Amendments to FRS 119 (2011) <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014

The adoption of the above FRS, amendments to FRSs and IC Interpretation do not have any significant financial impact on the results and the financial position of the Group for the current quarter.

As stated in our audited financial statements for the financial year ended 30 June 2014, the Group has yet to adopt the Malaysian Financial Reporting Standards ('MFRS') framework, and has elected to be a transitioning entity which will only adopt the MFRS framework for the financial year ending 30 June 2018.

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 period under review, there were no-repurchase of shares.

As at 30 September 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.

b) Exercise of Warrants C 2010/2020

During the financial period ended 30 September 2014, the issued and paid-up capital of the Company was increased from RM456,136,692 to RM456,486,692 by the allotment of a total of 350,000 new ordinary shares of RM1.00 each on 8 September 2014, 11 September 2014 and 18 September 2014 respectively pursuant to the exercise of 350,000 Warrants C 2010/2020.

A7 Dividend paid

There were no dividend being paid during the current quarter.

A8 Operating Segments

Operating segments information for the financial period from 1 July to 30 September 2014:

	Manufacturing & Trading						Others	Consolidated
	Properties	Construction	- Cable	- Building Material	Hotels & Leisure	Investment Holding		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue								
Total Revenue	117,147	102,268	45,790	22,442	31,584	825	772	320,828
Inter-segment revenue	(11)	(63,511)	-	(7,271)	(155)	(825)	(587)	(72,360)
Revenue from external customers	117,136	38,757	45,790	15,171	31,429	-	185	248,468
Results								
Segment result	23,806	4,394	4,883	4,614	3,799	(2,774)	68	38,790
Finance costs	(258)	-	(10)	-	(294)	(243)	(72)	(877)
Interest income	993	45	79	12	5	-	4	1,138
Share of profit of								
- Associates	-	-	-	-	-	156	-	156
- Jointly Controlled Entity	-	-	-	-	-	-	-	-
Profit / (Loss) before tax	24,541	4,439	4,952	4,626	3,510	(2,861)	-	39,207
Tax expense	(6,209)	(1,137)	(1,321)	(764)	(261)	750	(40)	(8,982)
Net profit / (Loss) for the period	18,332	3,302	3,631	3,862	3,249	(2,111)	(40)	30,225

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

	Manufacturing & Trading						Others	Consolidated
	Properties	Construction	- Cable	- Building Material	Hotels & Leisure	Investment Holding		
	RM'000	RM'000	RM'000	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 of								
- Associates	-	-	-	-	-	367	-	367
- Jointly Controlled Entity	-	-	-	-	-	-	-	-
Profit / (Loss) 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 / (Loss) 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 2014 are as follows:

	RM '000
Contracted but not provided for	
Property, plant and equipment	<u>34,898</u>

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B1 Review of the Performance

For the first quarter ended 30 September 2014, the Group achieved higher revenue and pre-tax profit of RM248.47 million and RM39.21 million respectively as compared to RM236.13 million and RM36.13 million respectively for the corresponding quarter in the previous financial year. It represents an increase of 5% in revenue and 8.5% in pre-tax profit.

The property division's revenue registered at RM117 million, a 44.8% rise from RM80.9 million in the corresponding quarter in the previous financial year. The strong result was mainly attributed to the encouraging sales performance from the current ongoing property development projects.

The improved turnover and profit recorded for the construction division in this quarter was mainly due to advanced stages of construction work for property projects.

The Acotec panel from the manufacturing & trading division recorded a revenue of RM22.4 million, representing a 52.7% growth from RM14.7 million in the corresponding quarter in the previous financial year. Corresponding to the revenue growth, the pre-tax profit for the Acotec division grew by 124% as compared to the corresponding quarter in the previous financial year.

The cable division recorded lower revenue and pre-tax profit as compared to the previous corresponding period due to lower revenue contributed from the Government sector.

The hotel and timeshare division posted a revenue of RM31.6 million as compared to RM32 million in the corresponding quarter in the previous financial year. The slight decrease in revenue was due to lower occupancy rate in which in line with current hotel industries in the market.

The investment holding division recorded a lower profit as compared with the previous year corresponding quarter mainly due to the gain on disposal of long term quoted investments of RM9.44 million which was realized during the previous corresponding quarter.

B2 Material Changes in Quarterly Results

(Comparison on current quarter with immediate preceding quarter)

The Group's core business, excluding the exceptional item of RM125.4 million from the immediate preceding quarter, registered a decline of 14% to RM39.2 million in its pre-tax profit as compared to RM45.62 million in the immediate preceding quarter. The exceptional item was from the disposal of property and land during the immediate preceding quarter. The better performance of the Group in the previous quarter was mainly attributed by the strong sales in property division.

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 this financial year.

With the Group's core competencies and established track record, the board is optimistic that the Group will continue to perform well and maintain satisfactory results for 2015.

B4 Profit Forecast

Not applicable as no profit forecast was published.

B5 Profit for the period

	CURRENT QUARTER ENDED 30/09/2014 RM '000	COMPARATIVE QUARTER ENDED 30/09/2013 RM '000	3 MONTHS CUMULATIVE TO DATE 30/09/2014 RM'000	COMPARATIVE 3 MONTHS CUMULATIVE TO DATE 30/09/2013 RM '000
Profit for the period is arrived at after crediting / (charging) :				
Depreciation and amortisation	(4,779)	(5,449)	(4,779)	(5,449)
Dividend income	-	-	-	-
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)	-	(1,411)
Impairment of assets	-	-	-	-
Interest accretion of trade receivables	303	419	303	419
Interest expense	(877)	(997)	(877)	(997)
Interest income	1,138	705	1,138	705
Write off of receivables	-	-	-	-
Write down of inventories	-	-	-	-
Write off of inventories	-	-	-	-
Reversal of impairment loss and write off on trade and other receivables	56	736	56	736

B6 Tax Expense

Taxation comprises:

	CURRENT	COMPARATIVE	3 MONTHS	COMPARATIVE
	QUARTER	QUARTER	CUMULATIVE	3 MONTHS
	ENDED	ENDED	TO DATE	CUMULATIVE
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM '000	RM '000	RM'000	RM '000
Current tax expense				
Malaysia - current year	9,968	5,617	9,968	5,617
Overseas - current year	22	118	22	118
Deferred tax expense				
Origination and reversal of temporary differences	(1,008)	(1)	(1,008)	(1)
	8,982	5,734	8,982	5,734

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, Yarra 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.

The company had obtained the approval from its shareholders on the Proposed Acquisition of Property at an EGM held on 9 October 2014.

On 18 November 2014, Yarra has exercised its right under the Contract to extend the Settlement Date for the payment of the balance Purchase Consideration from 18 December 2014 to 18 March 2015.

B8 Group Borrowings and Debt Securities

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

	RM Equivalent '000
Current	
Secured	36,900
Unsecured	3,128
	<u>40,028</u>
Non-current	
Secured	197,519
	<u>197,519</u>
Total :	<u><u>237,547</u></u>

B9 Disclosure of Realised and Unrealised Profits or Losses

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

	As at 30/09/2014 RM '000	As at 30/6/2014 RM '000
Retained earnings of the Company and its subsidiaries :		
Realised	597,315	563,676
Unrealised	(23,675)	(23,888)
	<u>573,640</u>	<u>539,788</u>
Share of retained earnings from associates :		
Realised	24,369	26,964
Unrealised	1,003	1,064
	<u>599,012</u>	<u>567,816</u>
Consolidation adjustments	83,181	84,145
Total Group retained earnings as per consolidated accounts	<u><u>682,193</u></u>	<u><u>651,961</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 PJ Development Holdings Berhad (“the Company”) had initiated a civil suit against an external marketing agent, Swiss Marketing Corporation Sdn. Bhd. (“**Agent**”) on 8 November 2005.

The civil suit was in respect of the wrongful repudiation by the Agent of the Marketing Agreement dated 2 July 2001 (which was exclusively entered into by the parties to enable the Agent to promote and sell SGIVCB’s ‘timeshare’ memberships to the public at large). The repudiation resulted in SGIVCB having suffered, amongst others, losses and damages amounting to RM5,280,344.00. The Agent had filed a counter-claim against SGIVCB claiming for its marketing fee which is due in the sum of RM21,091,398.31, electricity and rental charges in the sum of RM90,995.32, interests and costs.

The High Court on 27 August 2010 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. The High Court also allowed the Agent’s counter-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 (UHY Advisory (KL) Sdn Bhd) for the assessment of the marketing fee on 3 September 2010, which was submitted on 21 March 2011, but was rejected by the High Court on 3 December 2012. Consequently, the High Court ordered the qualified accountant to recalculate the marketing fees (“**High Court’s Order dated 3 December 2012**”). On 12 August 2014, our solicitors attended the mention fixed before the High Court Judge. The Judge fixed a further mention date on 2 September 2014. On 2 September 2014, the Agent informed the High Court that the Agent needs to clarify with UHY on two parts of the revised report before accepting it. The High Court Judge then fixed 7 October 2014 as the final mention date (“**the Final Mention Date**”) for the Agent to inform the Court on the acceptability of the revised report as at March 2013 (“**the Revised Report**”).

The Agent on 27 December 2012 filed an appeal to the Court of Appeal against the High Court’s Order dated 3 December 2012 (“**Agent’s Appeal**”). On 2 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 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 July 2014. (“**Agent’s Leave Application**”) However, on 25 September 2014, the Federal Court had unanimously dismissed the Agent’s Leave Application with costs of RM10,000.00 to be paid to SGIVCB (“**Decision dated 25 September 2014**”). With the Decision dated 25 September 2014, the High Court’s Order dated 3 December 2012 stands. On 7 October 2014 (the Final Mention Date), the Agent informed the High Court that there are three (3) parts of the Revised Report that is not agreeable, whereby the High Court fixed a Hearing date on 21 October 2014 for parties to submit on the said issues and for the High Court to decide whether to adopt the Revised Report as final and accept the sum of marketing fees being RM5,143,940.00 as per the Revised Report. At the Hearing date of 21 October 2014, upon hearing parties’ submissions, the High Court pronounced that the Revised Report be adopted wholly by the High Court and enforced as an Order. Parties are now bound by the Revised Report.

SGIVCB’s solicitors are of the view that since the Federal Court has dismissed the Agent’s Leave Application and the High Court has on the Final Mention Date accepted the Revised Report, the estimated damages payable by the Agent to SGIVCB will be RM136,404.00 (being the difference between the amount of losses payable by the Agent to SGIVCB and the amount of outstanding marketing fees as at March 2013 owed by SGIVCB to the Agent as calculated under the Revised 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 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 PJ Development Holdings Berhad (“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. (“the 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 to prevent Pravest from going into the Land, 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 (which has yet to be determined). 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”). Pravest is claiming an estimated sum of **RM1,104,402.91** for costs incurred and loss of profit etc. as stated in the Affidavit in Support of Pravest’s application to assess damages affirmed by Pravest’s director, namely, Noriza Binti Shahadan on 15 November 2013.

The Plaintiffs have on 17 June 2014 filed an application to cross-examine the deponent of Pravest’s affidavit in support of Pravest’s Application for Assessment of Damages (“the Plaintiffs’ Application”). The Court has directed the parties to exhaust affidavits by 9 July 2014 and fixed the hearing (by oral submissions) on 27 August 2014. The Court heard both parties’ oral submissions on 27 August 2014 and the Court has on 30 September 2014 dismissed the Plaintiffs’ Application with costs in the cause, and fixed Pravest’s Application for Assessment of Damages for hearing/decision on 31 October 2014 and the Court will hear Pravest’s Application for Assessment of Damages without a need to cross-examine the deponent of Pravest’s affidavit. The decision for Pravest’s Application for Assessment of Damages is now fixed for **decision on 4 December 2014**.

The Board of Directors are of the opinion that since the High Court has dismissed the Plaintiffs’ Suit/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

No dividend is proposed for the period under review.

The single tier Final Dividend of 2.5sen per ordinary share in respect of the financial year ended 30 June 2014 which was approved by the shareholders at the Annual General Meeting held on 27 November 2014 will be paid on 18 December 2014.

B12 Earnings Per Share

(a) Basic

Basic earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period, after taking into consideration of treasury shares held by the Company.

	Group	
	30/09/2014	30/09/2013
	RM'000	RM'000
Profit attributable to owners of the parent	30,232	30,400
Weighted average number of ordinary shares in issue	456,188	456,134
Weighted average number of treasury shares held	(4,778)	(2,760)
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	451,410	453,374
Basic earnings per share (sen)	6.70	6.71

(b) Diluted

Diluted earnings per ordinary share for the financial period is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of potential dilutive ordinary shares.

	Group	
	30/09/2014	30/09/2013
	RM'000	RM'000
Profit attributable to owners of the parent	30,232	30,400
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	451,410	453,374
Effect of dilution :		
- Adjustments for conversion of Warrants C at fair value	107,135	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	558,545	453,374
Diluted earnings per share (sen)	5.41	6.71

By Order of the Board

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