# PJ DEVELOPMENT HOLDINGS BERHAD (5938-A)

## QUARTERLY REPORT ON CONSOLIDATED RESULTS
## FOR THE THIRD QUARTER ENDED 31 MARCH 2015

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

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

**1 January 2016**

| | |
|---|---|
| FRS 14 | *Regulatory Deferral Accounts* |
| Amendments to FRS 116 and FRS 138 | *Clarification of Acceptable Methods of Depreciation and Amortisation* |
| Amendments to FRS 11 | *Accounting for Acquisitions of Interests in Joint Operations* |
| Amendments to FRS 116 and FRS 141 | *Agriculture : Bearer Plants* |
| Amendments to FRS 127 | *Equity Method in Separate Financial Statements* |
| Amendments to FRS 10 and FRS 128 | *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* |
| Amendments to *Annual Improvements to FRSs 2012-2014 Cycle* | |
| Amendments to FRS 101 | *Disclosure Initiative* |
| Amendments to FRS 10, FRS 12 and FRS 128 | *Investment Entities : Applying the Consolidation Exception* |

**1 January 2017**

| | |
|---|---|
| FRS 15 | *Revenue from Contracts with Customers* |

**1 January 2018**

| | |
|---|---|
| FRS 9 | *Financial Instruments* |

**A1 Basis of Preparation (continued)**

**Malaysian Financial Reporting Standards (MFRS Framework)**
On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

On 2 September 2014, MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework to annual periods beginning on or after 1 January 2017.

On 2 September 2014, MASB has also issued MFRS 15 Revenue from Contracts with Customers. The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For the real estate industry, MFRS 15 is expected to enable property developers to recognise revenue progressively. MFRS 15 includes new disclosures (quantitative and/or qualitative information) to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The new comprehensive disclosures are in response to investor' comments that companies present revenue in isolation which made it difficult for them to relate to the company's financial position.

MFRS 15 is effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. An entity may choose to adopt MFRS 15 retrospectively or through a cumulative effect adjustment as of the start of the first period for which it first applies the Standard. The retrospective application would provide investors and analysts trend information about an entity's revenue.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 30 June 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

**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 27 November 2014.

During the financial period under review, there was no-repurchase of shares.

As at 31 March 2015, 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 31 March 2015, the issued and paid-up capital of the Company was increased from RM456,136,692 to RM458,594,192 by the allotment of a total of 2,457,500 new ordinary shares of RM1.00 each pursuant to the exercise of 2,457,500 Warrants C 2010/2020. The details of the Warrants C exercised during the financial period to date are as follows:

| Allotment Date | No. of Warrants C exercised | No. of shares allotted | Type of issue |
|---|---|---|---|
| 8 September 2014 | 195,000 | 195,000 | Exercise of Warrants C 2010/2020 at RM1.00 per share |
| 11 September 2014 | 55,000 | 55,000 | |
| 18 September 2014 | 100,000 | 100,000 | |
| 13 November 2014 | 600,000 | 600,000 | |
| 1 December 2014 | 7,500 | 7,500 | |
| 6 April 2015 | 1,500,000 | 1,500,000 | |
| Total | 2,457,500 | 2,457,500 | |

**A7 Dividend paid**

The dividends paid by the Company are as follows:

| | CURRENT YEAR TO DATE RM'000 | PRECEDING YEAR CORRESPONDING PERIOD RM'000 |
|---|---|---|
| A single tier final dividend of 2.5 sen per ordinary share in respect of the financial year ended 30 June 2014 was paid on 18 December 2014. | 11,308 | - |
| First and final 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 was paid on 20 December 2013. | - | 18,680 |
| | 11,308 | 18,680 |

## A8 Operating Segments

Operating segments information for the financial period from 1 July to 31 March 2015:

| | Properties | Construction | Manufacturing & Trading Cable | Manufacturing & Trading Integrated Building System | Hotels & Leisure | Investment Holding | Others | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Revenue** | | | | | | | | |
| Total Revenue | 372,511 | 281,197 | 134,250 | 57,587 | 91,775 | 2,563 | 3,152 | 943,035 |
| Inter-segment revenue | (15) | (204,282) | - | (15,303) | (629) | (2,475) | (2,259) | (224,963) |
| Revenue from external customers | 372,496 | 76,915 | 134,250 | 42,284 | 91,146 | 88 | 893 | 718,072 |
| **Results** | | | | | | | | |
| Segment result | 65,219 | 24,796 | 12,530 | 13,311 | 7,403 | (9,166) | 110 | 114,203 |
| Finance costs | (1,272) | - | (42) | - | (586) | (1,155) | (104) | (3,159) |
| Interest income | 1,965 | 236 | 184 | 36 | 22 | 13 | 797 | 3,253 |
| Share of loss of | | | | | | | | |
| - Associates | - | - | - | - | - | (1,005) | - | (1,005) |
| - Jointly Controlled Entity | - | - | - | - | - | - | - | - |
| Profit / (Loss) before tax | 65,912 | 25,032 | 12,672 | 13,347 | 6,839 | (11,313) | 803 | 113,292 |
| Tax expense | (17,336) | (6,179) | (3,422) | (3,344) | (1,076) | 2 | (285) | (31,640) |
| Net profit / (loss) for the period | 48,576 | 18,853 | 9,250 | 10,003 | 5,763 | (11,311) | 518 | 81,652 |

Operating segments information for the financial period from 1 July to 31 March 2014:

| | Properties | Construction | Manufacturing & Trading Cable | Manufacturing & Trading Integrated Building System | Hotels & Leisure | Investment Holding | Others | Consolidated |
|---|---|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Revenue** | | | | | | | | |
| Total Revenue | 270,603 | 295,260 | 148,162 | 55,690 | 94,596 | 10,481 | 1,275 | 876,067 |
| Inter-segment revenue | (57) | (137,790) | - | (20,579) | (633) | (10,394) | (1,112) | (170,565) |
| Revenue from external customers | 270,546 | 157,470 | 148,162 | 35,111 | 93,963 | 87 | 163 | 705,502 |
| **Results** | | | | | | | | |
| Segment result | 47,267 | 10,171 | 18,802 | 8,744 | 13,238 | 231 | (747) | 97,706 |
| Finance costs | (3,632) | (22) | (187) | - | (887) | (478) | (43) | (5,249) |
| Interest income | 912 | 2 | 125 | 39 | 19 | 870 | - | 1,967 |
| Share of profit of | | | | | | | | |
| - Associates | - | - | - | - | - | 1,095 | - | 1,095 |
| - Jointly Controlled Entity | - | - | - | - | - | - | - | - |
| Profit / (Loss) before tax | 44,547 | 10,151 | 18,740 | 8,783 | 12,370 | 1,718 | (790) | 95,519 |
| Tax expense | (10,449) | (2,810) | (5,571) | (1,389) | (1,924) | 2,479 | - | (19,664) |
| Net profit / (loss) for the period | 34,098 | 7,341 | 13,169 | 7,394 | 10,446 | 4,197 | (790) | 75,855 |

**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 as follow:

On 15 January 2015, P.J. (A) Pty Limited ("PJA"), a wholly-owned subsidiary of Pengerang Jaya Pte Ltd, which in turn is a wholly-owned subsidiary of the Company, has subscribed an additional 26,250,000 ordinary shares of AUD1.00 each for cash consideration totaling AUD26,250,000.00 (equivalent to approximately RM76,741,875.00 based on Bank Negara Malaysia's exchange rate of AUD1.00: RM2.9235 as at 14 January 2015) ("Subscription of Shares") in proportion to the existing shareholdings of PJA in Yarra Park City Pty Ltd ("Yarra"), representing 75% of the total allotment of 35,000,000 ordinary shares of AUD1.00 each in the share capital of Yarra.

On 25 February 2015, PJA has further subscribed for an additional 48,750,000 ordinary shares of AUD1.00 each for cash consideration totaling AUD48,750,000.00 (equivalent to approximately RM137,650,500.00 based on Bank Negara Malaysia's exchange rate of AUD1.00: RM2.8236 as at 24 February 2015) ("Subscription of Shares") in proportion to the existing shareholdings of PJA in Yarra, representing 75% of the total allotment of 65,000,000 ordinary shares of AUD1.00 each in the share capital of Yarra.

Prior to the aforesaid allotment of shares, PJA holds 75% equity interest and Equity & Property Investment Corporation Pty Limited ("EPIC") holds 25% equity interest in Yarra. The shareholdings percentage of PJA and EPIC remain unchanged at 75% and 25% respectively subsequent to the allotment of shares.

Upon completion of the aforesaid allotment of shares, the issued and paid-up share capital of Yarra has increased from AUD15,000,000.00 to AUD115,000,000.00 comprising 115,000,000 ordinary shares of AUD1.00 each.

The fund from the aforesaid subscription of shares is for working capital of Yarra and to part finance the acquisition of a freehold land measuring approximately 2.026 hectares, located on 93-119 Kavanagh Street, Southbank, Victoria 3006, Australia.

**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 March 2015 are as follows:

| | RM '000 |
|---|---|
| Contracted but not provided for | |
| Property, plant and equipment | 21,734 |
| Land held for property development | 1,548 |
| | 23,282 |

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

### B1 Review of the Performance

(Commentary on current quarter and current year to date)

The Group achieved higher pre-tax profit of RM28.41 million for the current quarter of 2015 ("3Q15"), an increase of 4.9% or RM1.33 million from RM27.09 million in the comparative quarter of 2014 ("3Q14"). The Group's revenue for 3Q15 registered a slight increase of 0.6% or RM1.46 million, to RM229.20 million, higher than 3Q14 of RM227.74 million.

For the financial year-to-date, the Group continued to achieve profitable results for the nine months ended 31 March 2015 with higher revenue of RM718.07 million compared to RM705.50 million in the preceding nine months ended 31 March 2014. The higher year-to-date revenue is due to higher revenue recorded by the divisions of Property and Integrated Building System. Corresponding to the revenue growth, the Group recorded a pre-tax profit of RM113.29 million as compared to RM95.52 million in the preceding nine months ended 31 March 2014. The higher year-to-date pre-tax profit is due to higher profit recorded by the divisions of Property, Construction and Integrated Building System.

The Property division's revenue registered at RM122 million, a 23.5% rise from RM99.0 million in 3Q14. The strong result was mainly attributed to the encouraging sales performance from the current ongoing property development projects.

The Construction division registered pre-tax profit of RM5.8 million, up by 102% from 2.9 million in 3Q14. The improvement in pre-tax profit was due to the reduction of construction cost as compared to original construction budget.

The Integrated Building System from the manufacturing & trading division registered pre-tax profit of RM3.9 million, a 17.7% rise from RM3.4 million in 3Q14 due to improved profit margin.

The Cable division from the manufacturing & trading division recorded revenue of RM52.5 million, representing a 24.1% growth from RM42.3 million in 3Q14. Corresponding to the revenue growth, the pre-tax profit of RM4.8 million for the Cable division grew by 16% or RM0.7 million as compared to the corresponding quarter of RM4.1 million in the previous financial year.

The Hotels and Leisure division posted revenue of RM28.0 million as compared to RM29.9 million in the corresponding quarter in the previous financial year. The decrease in revenue was due to lower occupancy rate in which is in line with the current hotel industry in the market.

### B2 Material Changes in Quarterly Results

(Comparison on current quarter with immediate preceding quarter)

The Group's core business registered a decrease of 37.8% to RM28.41 million in its pre-tax profit as compared to RM45.67 million in 2Q15, the decrease of the Group's profit was attributed to the lower contribution of profit from construction division in this quarter.

**B3 Prospects**

The overall market is expected to be challenging in view of the uncertain global environment and the volatile crude oil price which may impact the domestic economy.

As a result of bank credit tightening, the take up rate of property sales is also expected to slow down. However, the company's new project, Genting Windmill Upon The Hills which was launched recently has received good response from the market.

The Construction division is expected to contribute higher earnings in the financial year due to more efficient construction cost management.

The Integrated Building System division is expected to grow positively due to higher growth rate in high rise building sector.

The Hotel & Leisure division is expected to slightly decrease in growth due to low occupancy rate in the overall hotel industry.

With the Group's core competencies and its established track record, the Board is optimistic that the Group will continue to perform well and achieve satisfactory results for the remaining financial year.

**B4 Profit Forecast**

Not applicable as no profit forecast was published.

**B5 Profit for the period**

| | CURRENT QUARTER ENDED 31/03/2015 | COMPARATIVE QUARTER ENDED 31/03/2014 | 9 MONTHS CUMULATIVE TO DATE 31/03/2015 | COMPARATIVE 9 MONTHS CUMULATIVE TO DATE 31/03/2014 |
|---|---|---|---|---|
| | RM '000 | RM '000 | RM'000 | RM '000 |
| Profit for the period is arrived at after crediting / (charging) : | | | | |
| Depreciation and amortisation | (4,450) | (4,378) | (13,562) | (15,308) |
| Dividend income | - | - | 88 | 88 |
| Gain on disposal of long term quoted investments | - | - | - | 9,442 |
| Impairment loss on investment properties | (1,848) | - | (1,848) | - |
| Impairment loss on trade and other receivables | (130) | (568) | (245) | (4,639) |
| Interest accretion of trade receivables | 425 | 289 | 1,187 | 1,061 |
| Interest expense | (1,488) | (2,307) | (3,159) | (5,249) |
| Interest income | 1,259 | 642 | 3,253 | 1,967 |
| Write off of receivables | - | (8) | - | (8) |
| Reversal of impairment loss and write off on trade and other receivables | (270) | 992 | - | 5,012 |
| Unrealised foreign exchange gain / (loss) | 93 | 16 | 226 | 30 |

Other than as per disclosed above, the group does not have other material items that recognized as profit / loss in the statement of profit or loss and statement of other comprehensive income.

**B6 Tax Expense**

Taxation comprises:

| | CURRENT QUARTER ENDED 31/03/2015 | COMPARATIVE QUARTER ENDED 31/03/2014 | 9 MONTHS CUMULATIVE TO DATE 31/03/2015 | COMPARATIVE 9 MONTHS CUMULATIVE TO DATE 31/03/2014 |
|---|---|---|---|---|
| | RM '000 | RM '000 | RM'000 | RM '000 |
| Current tax expense | | | | |
| Malaysia - current year | 8,569 | 6,519 | 30,769 | 19,600 |
| - prior year | 1,096 | (314) | 1,096 | (314) |
| Overseas - current year | (85) | 116 | 55 | 396 |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | (5) | 230 | (280) | (18) |
| | 9,575 | 6,551 | 31,640 | 19,664 |

The Group's effective tax rate for the current quarter was slightly higher than the statutory tax rate due to losses in certain subsidiaries that are not available to set-off against taxable profits in other subsidiaries within the Group.

**B7 Status of Corporate Proposals**

There were no corporate proposals announced previously but not completed as at 12 May 2015.

**B8 Group Borrowings and Debt Securities**

Total Group borrowings utilised as at 31 March 2015 are as follows:

| | RM Equivalent '000 |
|---|---|
| Current | |
| Secured | 157,509 |
| Unsecured | 7,542 |
| | 165,051 |
| Non-current | |
| Secured | |
| - denominated in Australia Dollar 62.5 million | 176,606 |
| - denominated in Ringgit Malaysia (RM) | 184,664 |
| | 361,270 |
| Total : | 526,321 |

## B9 Disclosure of Realised and Unrealised Profits or Losses

The retained earnings as at 31 March 2015 and 30 June 2014 are analysed as follow:

| | As at 31/3/2015 RM '000 | As at 30/6/2014 RM '000 |
|---|---|---|
| Retained earnings of the Company and its subsidiaries : | | |
| Realised | 620,785 | 563,676 |
| Unrealised | (25,376) | (23,888) |
| | 595,409 | 539,788 |
| Share of retained earnings from associates : | | |
| Realised | 26,610 | 26,964 |
| Unrealised | 999 | 1,064 |
| | 623,018 | 567,816 |
| Consolidation adjustments | 81,061 | 84,145 |
| Total Group retained earnings as per consolidated accounts | 704,079 | 651,961 |

**B10 Changes in Material Litigation**

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

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) ("UHY") 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").

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 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 dated March 2013 ("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 ("Decision dated 21 October 2014").

On 18 November 2014, the Agent has filed an appeal against the Decision dated 21 October 2014 to the Court of Appeal ("Agent's 2nd Appeal"). A Case Management date was fixed on 6 February 2015 whereby the Agent informed the Court of Appeal that they will proceed with the Agent's 2nd Appeal. The Agent also informed that parties have to clarify the terms of the High Court sealed order dated 21 October 2014 with the High Court Registrar. As such, the Court of Appeal fixed the next Case Management on 5 March 2015, and postponed to 22 April 2015 for parties to apprise whether the issue relating to the terms of the High Court sealed order dated 21 October 2014 has been resolved. At the Case Management of 22 April 2015, SGIVCB informed the High Court Registrar that SGIVCB will be filing a motion for security for costs and a winding up petition against the Agent. The High Court Registrar fixed the next Case Management on 12 May 2015 for parties to update on the status of the filing of motion for security for costs. On 12 May 2015, the High Court fixed the Hearing of Motion for Security for Costs on 18 June 2015.

Meanwhile, the winding up petition against the Agent has been filed on 22 April 2015.

SGIVCB's solicitors are of the view that since the High Court has on 21 October 2014 accepted the Revised Report, assuming that the Court of Appeal dismisses the Agent's 2nd Appeal, 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 <u>Wonderful Mineral Resources Sdn. Bhd. vs PJD Pravest Sdn. Bhd.</u>**

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 was fixed for decision on 8 January 2015 ("the Decision"). However, as the Registrar handling the matter has been transferred to the Temerloh Court, the Decision has been postponed to 15 May 2015. On 14 May 2015, Pravest was informed that the Decision date has been vacated to a date to be fixed later.

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. (Comparative quarter ended 31 March 2014 : single tier interim dividend of 2.5 sen).

On 8 May 2015, the Company paid a single tier interim dividend of 4.0 sen per ordinary share for the current year. (2014: Nil)

Total dividend for the current year to date is single tier dividend of 4.0 sen per ordinary share (2014: single tier interim dividend of 2.5 sen).

**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 company 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 | |
|---|---|---|
| | 31/03/2015 | 31/03/2014 |
| | RM'000 | RM'000 |
| Profit attributable to owners of the company | 81,579 | 75,888 |
| Weighted average number of ordinary shares in issue | 456,674 | 456,134 |
| Weighted average number of treasury shares held | (4,778) | (3,080) |
| Adjusted weighted average number of ordinary shares applicable to basic earnings per share | 451,896 | 453,054 |
| Basic earnings per share (sen) | 18.05 | 16.75 |

(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 company by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of potential dilutive ordinary shares.

| | Group | |
|---|---|---|
| | 31/03/2015 | 31/03/2014 |
| | RM'000 | RM'000 |
| Profit attributable to owners of the company | 81,579 | 75,888 |
| Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share | 451,896 | 453,054 |
| Effect of dilution : | | |
| - Adjustments for conversion of Warrants C at fair value | 94,262 | 43,677 |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share | 546,158 | 496,731 |
| Diluted earnings per share (sen) | 14.94 | 15.28 |

**By Order of the Board**

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