

## **Quarterly report on consolidated results for the period ended 30 November 2014**

### **A NOTES TO THE INTERIM FINANCIAL STATEMENTS**

#### **A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for year ended 31 August 2014. These 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 31 August 2014.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the year ended 31 August 2014 except for the adoption of the applicable new and revised FRSs and IC Interpretations which were mandatory for the financial periods beginning on or after 1 September 2014.

#### **Malaysian Financial Reporting Standards 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 period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer (“Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

The Group and Company fall within the definition of Transitioning Entities and has opted to defer the adoption of MFRS Framework. Accordingly, the Group and Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ending 31 August 2018.

In presenting its first MFRS financial statements, the Group and Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

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The Group and Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 August 2018.

### **A2. Audit qualification**

There was no qualification on the report of the auditors on the annual financial statements of the Company for the immediate preceding financial year.

### **A3. Seasonal or cyclical factors**

The business operations of the Group were not significantly affected by any seasonal or cyclical factors during the financial period under review apart from unfavorable weather conditions, increase in cost of construction materials or festival seasons.

### **A4. Item of unusual nature**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual due to their nature, size or incidence for the financial period under review.

### **A5. Changes in estimates**

There were no significant changes in the estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.

### **A6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities during the financial period under review.

Out of the total **91,281,667** issued and fully paid ordinary shares as at 30 November 2014, **9,124,500** are held as treasury shares by the Company. As at 30 November 2014, the number of outstanding ordinary shares in issue and fully paid is therefore **82,157,167** ordinary shares of RM1 each.

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### A7. Dividends paid

On 28 October 2014, The Board of Directors had recommended a first and final single tier dividend of 10.00% amounting to RM8,215,717 for the financial year ended 31 August 2014 for shareholders' approval at the forthcoming Annual General Meeting which will be held on 29 January 2015.

There was no dividend paid during the quarter under review.

### A8. Segmental analysis

<b>Current period ended 30 November 2014</b>	Investment Holding	Trading	Property Letting	Construction	Property Development	Waste Management	Other (Note 2)	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>									
External sales	-	1,701	155	19,907	5,799	4,125	372	-	32,059
Inter-segment sales	992	2,958	135	3,949	-	-	7	(8,041)	-
<b>Total revenue</b>	<b>992</b>	<b>4,659</b>	<b>290</b>	<b>23,856</b>	<b>5,799</b>	<b>4,125</b>	<b>379</b>	<b>(8,041)</b>	<b>32,059</b>
	Investment Holding	Trading	Property Letting	Construction	Property Development	Waste Management	Other (Note 2)	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment results	(59)	180	142	741	884	(677)	69	884	2,164
Unallocated income (Note 1)									127
Profit from operations									2,291
Finance costs									(749)
Share of result of an associate									(1)
Share of result of a jointly controlled entity									(17)
Profit before taxation									<b>1,524</b>

Note:

1. Unallocated income mainly represent fixed deposit interest income, gain on disposal of quoted investment, rental of building and land & scrap iron sales.
2. Other segment represents sales from brick making.

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<b>Current period ended 30 November 2013</b>	Investment Holding	Trading	Property Letting	Construction	Property Development	Waste Management	Other (Note 2)	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>									
External sales	-	633	137	16,220	22,661	3,694	35	-	43,380
Inter-segment sales	859	5,768	135	14,201	-	-	58	(21,021)	-
<b>Total revenue</b>	<b>859</b>	<b>6,401</b>	<b>272</b>	<b>30,421</b>	<b>22,661</b>	<b>3,694</b>	<b>93</b>	<b>(21,021)</b>	<b>43,380</b>
	Investment Holding	Trading	Property Letting	Construction	Property Development	Waste Management	Other (Note 4)	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment results	(28)	88	138	1,855	2,649	(1,565)	(37)	245	3,345
Unallocated income (Note 3)									80
Unallocated expenses									(1)
Profit from operations									3,424
Finance costs									(551)
Share of result of an associate									(1)
Share of result of a jointly controlled entity									1
Profit before taxation									<u>2,873</u>

Note:

3. Unallocated income mainly represents gain on disposal of fixed assets, fixed deposit interest income, rental of building and land & scrap iron sales.
4. Other segment represents sales from brick making.

### A9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

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### A10. Subsequent material event

There were no material events subsequent to the reporting period up to 22 January 2015 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) that have been reflected in the financial statements for the quarter under review.

1. Further to six (6) agreements dated 6 December 2011 and 3 February 2012 between PLB Land Sdn Bhd (“PLD”) and the owners of 30/32 shares of the properties known Lot 6435 and 6436, both in Mukim 13, North East District Penang held under Mukim Geran Nos 1680 and 1681 (“the Land”), PLD has on 10 November 2014 entered into two (2) agreements with the remaining owners of the 2/32 shares of the Land to purchase the remaining shares of the Land, details as follows:-

(a) Hisham Bin Shuib and Rafidah Binti Shuib	1/32
(b) Yaakup Bin Long	1/32

2. On 9 January 2015, PLB Cemerlang Sdn Bhd, (“PLBC”) a wholly-owned subsidiary of the PLB Land Sdn Bhd which is in turn wholly owned by the Company, had entered into a Sale and Purchase Agreement (“SPA”) with Abdullah Bin Talib (NRIC No: 44010-07-5265/ 3782072) of No. 2378, Lahar Minyak, 13200 Kepala Batas, Pulau Pinang and Siti Aishah Binti Md. Yusoff (NRIC No. 470327-07-5220/2049601) of No. 6, Lorong Laksamana 3, Taman Telok Molek, 13050 Butterworth, Pulau Pinang (the “Vendors”), wherein the Vendors has agreed to sell and PLBC agreed to purchase all the eight (8) pieces of lands as stated below for a total cash consideration of RM7,043,931-54 only:-

- a) Geran Mukim No. 569, Lot 781, Mk. 1, Daerah Seberang Perai Utara, Pulau Pinang;
- b) Geran Mukim No. 807, Lot 780, Mk. 1, Daerah Seberang Perai Utara, Pulau Pinang;
- c) Geran Mukim No. 568, Lot 779, Mk. 1, Daerah Seberang Perai Utara, Pulau Pinang;
- d) Geran Mukim No. 35, Lot 773, Mk. 1, Daerah Seberang Perai Utara, Pulau Pinang;
- e) Geran Mukim No. 34, Lot 772, Mk. 1, Daerah Seberang Perai Utara, Pulau Pinang;
- f) Geran Mukim No. 286, Lot 1704, Mk. 1, Daerah Seberang Perai Utara, Pulau Pinang;
- g) Geran Mukim No. 285, Lot 1703, Mk. 1, Daerah Seberang Perai Utara, Pulau Pinang;  
and
- h) Geran Mukim No. 284, Lot 1702, Mk. 1, Daerah Seberang Perai Utara, Pulau Pinang.

3. Also, on 9 January 2015, PLB Cemerlang Sdn Bhd, (“PLBC”) a wholly-owned subsidiary of the PLB Land Sdn Bhd which is in turn wholly owned by the Company, had entered into a Sale and Purchase Agreement (“SPA”) with Siti Aishah Binti Md. Yusoff (NRIC No. 470327-07-5220/2049601) of No. 6, Lorong Laksamana 3, Taman Telok Molek, 13050 Butterworth, Pulau Pinang (the “Vendor”), wherein the Vendor has agreed to sell and PLBC agreed to purchase one (1) piece of land known as Geran Mukim No. 36, Lot No. 774, Mukim 1, Daerah Seberang Perai Utara, Pulau Pinang for a total cash consideration of RM490,049-25 only.

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### A11. Change in composition of the Group

There are no changes in the composition of the Group during the financial period under review.

### A12. Contingent liabilities

	<b>Company</b>
	<b>As at 30/11/14 RM'000</b>
<b>Unsecured:</b>	
Corporate guarantees issued to financial institutions for banking facilities granted to certain subsidiaries	105,611
Corporate guarantees issued to financial institutions for banker guarantee facilities granted to certain subsidiaries for contract bond in favour of third parties	8,528
Performance guarantees issued to third parties for performance by certain subsidiaries	900

### A13. Capital commitments

Capital expenditure not provided for in the financial statements is as follows:

	<b>As at 30/11/2014 RM'000</b>
Property, plant and equipment	
- Approved but not contracted	10,254
Commitments to purchase development land	
- Contracted	<u>1,350</u>
	<u>11,604</u>

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### A14. Related party transactions

The Group's related party transaction in the current financial year to date are as follows:-

	<b>As at 30/11/2014</b> <b>RM'000</b>
Purchase of construction materials from related party	
- Hoon Teik Enterprise Sdn. Bhd.	10
Progress billing from related party	
- KH Base Engineering Sdn Bhd	3,378
Sales of Construction materials to related party	
- KH Base Engineering Sdn Bhd	371
Rental income from related party	
- Numeric Precision Engineering Sdn. Bhd.	4
	<hr/>

Related party	Relationship
Hoon Teik Enterprise Sdn. Bhd.	: A company in which certain directors of the Company, have substantial financial interests.
KH-Base Engineering Sdn. Bhd.	: A company in which persons connected to certain directors of the Company, have substantial financial interests.
Numeric Precision Engineering Sdn. Bhd.	: An associate of Leading Builders Sdn. Bhd. which is the ultimate holding company of the Company.

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### **B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES**

#### **B1. Review of performance**

	<b>Current Year To date 30.11.2014 RM'000</b>	<b>Preceding Year Corresponding Period 30.11.2013 RM'000</b>
Revenue	32,059	43,380
Consolidated profit before taxation	1,524	2,873

For the 3 months period ended 30 November 2014, the Group recorded revenue of RM32.06 million and profit before tax of RM1.52 million compared to revenue of RM43.38 million and profit before tax of RM2.87 million respectively in the preceding year corresponding period.

The Group recorded lower revenue and profit before tax for the 3 months period compared to last year corresponding period due to lower stage of completion for construction and property development projects.

#### **B2. Variation of results against immediate preceding quarter**

	<b>Current Quarter 30.11.2014 RM'000</b>	<b>Preceding Quarter 31.08.2014 RM'000</b>
Revenue	32,059	65,063
Consolidated profit before taxation	1,524	6,527

The Group recorded lower revenue and profit before tax for the current quarter under review as compared to the preceding quarter. This is mainly due to lower stage of completion for construction and property development projects for the current quarter. Meanwhile, completion of Prestige III (Phase 1 & 2) at Balik Pulau contributed to the higher revenue and profit before tax for the preceding quarter ended 31 August 2014.



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### B3. Prospects

The Group shall remain focus on the on-going development projects, 98 Nibong Residences and final phase of Prestige III, Balik Pulau project while continuing to embark on development of quality and affordable properties from its existing development land banks.

The Bank Negara Malaysia's measures to curb property speculation and the upcoming implementation of Goods and Services Tax, all of which have adverse impact on sales. Currently, the Company has slightly slowed down on the new launches while focusing on the development planning of approximate 8,000 units of Affordable Housing Scheme from its existing development land banks.

The existing revenue from waste management sector only consists of Landfill Tipping Fees while still pending the handover of Phase 3 (300+ acres) from the Penang State Local Council of which the Material Recovery Facility (the main contributor for the waste management business) shall be set up at this Phase 3 of Pulau Burung Landfill site. This is as required in our 20-year Concession Agreement to Operate and Manage the Pulau Burung Landfill.

Barring any unforeseen circumstances, the prospects of the Group for the current Financial Year 2015 remains positive.

### B4. Comparison with profit forecast

Not applicable.

### B5. Notes to the statement of comprehensive income

	<b>Current Quarter 30/11/2014 RM'000</b>	<b>Cumulative Quarter 30/11/2014 RM'000</b>
Profit for the period is arrived		
at after (crediting)/charging:		
-Interest income	(138)	(138)
-Other income including investment income	-	-
-Interest expense	749	749
-Depreciation and amortization	867	867
-Provision for and write off of receivable	-	-
-Provision for and write off of inventories	-	-
-Provision for and write off of property, plant & equipment	2	2

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	<b>Current Quarter 30/11/2014 RM'000</b>	<b>Cumulative Quarter 30/11/2014 RM'000</b>
-(Gain)/loss on disposal of quoted investment	(85)	(85)
-(Gain)/loss on disposal of unquoted investment	-	-
-(Gain)/loss on disposal of properties	-	-
-Impairment of assets	-	-
-Foreign exchange (gain)/loss	-	-
-(Gain) or loss on derivatives	-	-
-Exceptional items (Loss in FV adjustment)	-	-

### **B6. Tax expense**

	<b>Current Quarter 30/11/2014 RM'000</b>	<b>Cumulative Quarter 30/11/2014 RM'000</b>
Malaysian income tax: Based on results for the period		
- Current taxation	(223)	(223)
- Deferred taxation	41	41
	<hr style="border-top: 1px solid black;"/> (182)	<hr style="border-top: 1px solid black;"/> (182)
Over/(under) provision in prior years		
- Deferred taxation	(253)	(253)
	<hr style="border-top: 1px solid black;"/> (435)	<hr style="border-top: 1px solid black;"/> (435)

The effective tax rate of the Group for the cumulative quarter-to-date is higher than the statutory income tax rate. This is due to unabsorbed tax losses and tax allowances brought forward are not available to set off against taxable profits of other subsidiaries and certain expenses which are not deductible for tax purpose.

### **B7. Sale of unquoted investments and properties**

There was no sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the current quarter and financial year-to-date.

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### B8. Quoted securities

(a) Disposal of quoted shares in the current financial year to date are as follows:-

	<b>Current Quarter 30/11/2014 RM'000</b>	<b>Cumulative Quarter 30/11/2014 RM'000</b>
Total disposal of quoted shares	138	138

(b) Investments in quoted securities as at 30 November 2014 were as follows: -

	RM'000
Share quoted in Malaysia:-	
Balance at 01/09/2014	9,310
Disposal	<u>(138)</u>
	9,172
Fair value adjustment	<u>(411)</u>
Balance at 30/11/2014	<u>8,761</u>
At Market Value of quoted shares in Malaysia	<u>8,761</u>

### B9. Status of corporate proposals

There are no corporate proposals that have been announced by the Company but not completed as at to-date.

### B10. Group borrowings and debt securities

As at	Group 30/11/14 RM'000	Secured 30/11/14 RM'000	Unsecured 30/11/14 RM'000	S/Term 30/11/14 RM'000	L/Term 30/11/14 RM'000
Banker's acceptance	18,602	18,602	-	18,602	-
Bank overdraft	543	543	-	543	-
Hire purchases	1,954	1,954	-	382	1,572
Revolving credits	5,400	-	5,400	5,400	-
Term loans	81,195	81,195	-	21,984	59,211
<b>Total</b>	<b>107,694</b>	<b>102,294</b>	<b>5,400</b>	<b>46,911</b>	<b>60,783</b>

### B11. Derivative financial instruments

The Group does not have any financial instruments with off-balance sheet risk as at 30 November 2014.

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### B12. Realised and unrealised profit/(losses) disclosure

The retained profits of the Group as at 30 November 2014 and 31 August 2014 are analyzed as follows:

	As at 30/11/2014 RM'000	As at 31/08/2014 (Audited) RM'000
Total retained profits of the Company and its subsidiaries:		
-Realised	55,159	55,519
-Unrealised	(1,465)	(1,474)
	53,694	54,045
Total share of retained profits from associates:		
-Realised	71	76
	53,765	54,121
Total share of retained profits from jointly controlled entities:		
-Realised	16,368	15,543
	70,133	69,664
Less: Consolidation adjustments	(31,923)	(32,604)
Total retained profits as per Consolidated Statement of Financial Position	38,210	37,060

### B13. Changes in material litigation

#### **Hunza Properties (Gurney) Sdn Bhd & Hunza Properties (Penang) Sdn Bhd (“Hunza”) vs PLB-KH Bina Sdn Bhd (“PLB-KH”)**

The dispute is now at arbitration stage with Ar. Koh Beng Tock as the arbitrator. The arbitration was heard during the scheduled dates between 16 - 18 May 2012, 30 - 31 May 2012, 26-27 November 2012, 25 February – 1 March 2013, 18 – 22 March 2013, 8 – 12 April 2013, 6 – 10 May 2013, 5 – 7 August 2013, 10 – 13 September 2013 and 3 – 6, 24 March 2014, 14 – 18 April 2014, 5 – 9 & 26 – 30 May 2014, 16 – 20 June 2014, 7 – 11 July 2014, 29 September – 3 October 2014, 3 – 7 November 2014 and 17 - 21 November 2014. The continued hearing of the arbitration is now fixed from 4 - 6 February 2015, 2 – 5 March 2015, 6 – 9 April 2015, 25 – 29 April 2015, 4 – 7 May 2015, 11 – 14 May 2-15, 6 – 9 July 2015, 27 – 30 July 2015, 10 – 13 August 2015, 24 – 27 August 2015, 7 – 10 September 2015 and 21 – 23 September 2015.

The parties also have agreed to withdraw the application submit the principal issues in the Corporate Guarantee case between Hunza and PLB Engineering Berhad to be determined in the arbitration.

Also, by consent order, on 4 May 2010, the matter at the high court had been stayed pending the arbitration proceedings.

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### B14. Dividend

No interim dividend has been declared by the Board for the financial quarter ended 30 November 2014.

### B15. Earnings per share

#### *Basic earnings per share*

The basic earnings per share of the Group is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the financial period.

	Individual quarter		Cumulative quarter	
	Current year quarter 30/11/14 RM'000	Preceding year corresponding 30/11/13 RM'000	Current year to date 30/11/14 RM'000	Preceding year corresponding 30/11/13 RM'000
Net profit attributable to owners of the parent	1,150	2,026	1,150	2,026
<b>Basic earnings per share</b>				
Weighted average number of ordinary shares of RM1.00 each	82,157	82,157	82,157	82,157
Basic earnings per ordinary share of RM1.00 each (sen)	<u>1.40</u>	<u>2.47</u>	<u>1.40</u>	<u>2.47</u>

#### *Diluted earnings per ordinary share*

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the current quarter and financial period-to-date.

### B16. Authorisation for issue

These financial statements were authorised for issue by the Board of Directors of the Group.

**Date : 29 January 2015**