

**PRIVATE & CONFIDENTIAL**

Updated 11/11/11

**PBA HOLDINGS BHD**

Company No: 515119-U  
(Incorporated in Malaysia)

**Interim Financial Report**

**30 SEPTEMBER 2011**

## Contents

---

|  | <b>Page</b> |
|--|-------------|
| <b>Interim Financial Report</b>                                  |             |
| Condensed Consolidated Statement of Financial Position           | 1           |
| Condensed Consolidated Statement of Comprehensive Income         | 2           |
| Condensed Consolidated Statement of Changes in Equity            | 3 - 4       |
| Condensed Consolidated Statement of Cash Flows                   | 5           |
| Notes to the Condensed Consolidated Interim Financial Statements | 6 - 14      |

Condensed Consolidated Statement of Financial Position  
**As at 30 September 2011 - unaudited**

|   | Note | 30 September 2011<br>RM'000 | 31 December 2010<br>RM'000 |
|---|------|-----------------------------|----------------------------|
| <b>Assets</b>                             |      |                             |                            |
| Property, plant and equipment             | 5    | 723,988                     | 721,109                    |
| Investment in a jointly controlled entity |      | 888                         | 803                        |
| Other investments                         | 19   | 22,997                      | 24,606                     |
| <b>Total non-current assets</b>           |      | <u>747,873</u>              | <u>746,518</u>             |
| Inventories                               |      | 13,001                      | 13,571                     |
| Trade and other receivables               |      | 38,307                      | 40,109                     |
| Current tax assets                        |      | 1,634                       | 5,017                      |
| Cash and cash equivalents                 |      | 87,414                      | 66,425                     |
| <b>Total current assets</b>               |      | <u>140,356</u>              | <u>125,122</u>             |
| <b>Total assets</b>                       |      | <u>888,229</u>              | <u>871,640</u>             |
| <b>Equity</b>                             |      |                             |                            |
| Share capital                             |      | 165,635                     | 165,635                    |
| Reserves                                  |      | 502,118                     | 482,648                    |
| <b>Total equity</b>                       | 7    | <u>667,753</u>              | <u>648,283</u>             |
| Employee benefits                         |      | 29,979                      | 28,835                     |
| Term loans                                | 21   | 71,788                      | 65,236                     |
| Deferrad tax liabilities                  |      | 16,000                      | 11,000                     |
| <b>Total non-current liabilities</b>      |      | <u>117,767</u>              | <u>105,071</u>             |
| Trade and other payables                  |      | 97,589                      | 109,640                    |
| Employee benefits                         |      | 5,120                       | 2,094                      |
| Term loans                                | 21   | -                           | 6,552                      |
| <b>Total current liabilities</b>          |      | <u>102,709</u>              | <u>118,286</u>             |
| <b>Total liabilities</b>                  |      | <u>220,476</u>              | <u>223,357</u>             |
| <b>Total equity and liabilities</b>       |      | <u>888,229</u>              | <u>871,640</u>             |

Condensed Consolidated Statement of Comprehensive Income  
For the nine month ended 30 September 2011 - unaudited

|   | Note | Three months ended<br>30 September |                | Current year-to-date ended<br>30 September |                |
|---|------|------------------------------------|----------------|--|----------------|
|   |      | 2011<br>RM'000                     | 2010<br>RM'000 | 2011<br>RM'000                             | 2010<br>RM'000 |
| <b>Continuing operations</b>  |      |                                    |                |  |                |
| Revenue   |      | 59,305                             | 49,113         | 180,192                                    | 148,176        |
| Cost of sales   |      | (37,518)                           | (37,341)       | (108,696)                                  | (107,169)      |
| <b>Gross profit</b>   |      | <u>21,787</u>                      | <u>11,772</u>  | <u>71,496</u>                              | <u>41,007</u>  |
| Other operating income  |      | 2,355                              | 2,778          | 9,197                                      | 8,673          |
| Administrative expenses   |      | (17,597)                           | (11,058)       | (46,315)                                   | (32,854)       |
| <b>Operating profit</b>   |      | <u>6,545</u>                       | <u>3,492</u>   | <u>34,378</u>                              | <u>16,826</u>  |
| Interest income   |      | 684                                | 381            | 1,678                                      | 1,003          |
| Finance cost - Bank charges   |      | (3)                                | (6)            | (34)                                       | (14)           |
| <b>Net finance cost</b>   |      | <u>681</u>                         | <u>375</u>     | <u>1,644</u>                               | <u>989</u>     |
| Share of profit of jointly controlled entity, net of tax                |      | 62                                 | -              | 108  | -              |
| <b>Profit before tax</b>  |      | <u>7,288</u>                       | <u>3,867</u>   | <u>36,130</u>                              | <u>17,815</u>  |
| Income tax expenses   | 17   | (1,508)                            | (1,455)        | (7,173)                                    | (4,270)        |
| <b>Profit for the period</b>  |      | <u>5,780</u>                       | <u>2,413</u>   | <u>28,957</u>                              | <u>13,546</u>  |
| <b>Other comprehensive income for the period</b>                        | 19   | (4,549)                            | 406            | (4,517)                                    | 407            |
| <b>Total comprehensive income for the period</b>                        |      | <u>1,231</u>                       | <u>2,819</u>   | <u>24,440</u>                              | <u>13,953</u>  |
| <b>Profit for the period attributable to owners of the company</b>      |      |                                    |                |  |                |
|   |      | <u>5,780</u>                       | <u>2,413</u>   | <u>28,957</u>                              | <u>13,546</u>  |
| <b>Total comprehensive income attributable to owners of the company</b> |      | 1,231                              | 2,819          | 24,440                                     | 13,953         |
| <b>Basic earnings per ordinary share (sen) :</b>                        | 25   | <u>1.74</u>                        | <u>0.73</u>    | <u>8.74</u>                                | <u>4.09</u>    |

Condensed Consolidated Statement of Changes in Equity  
**For the nine months ended 30 September 2010 - unaudited**

|   | /-----Non-distributable-----/ |                           |                         |                                |                              | Distributable                                  |                             | Total equity<br>RM'000 |
|---|-------------------------------|---------------------------|-------------------------|--------------------------------|------------------------------|--|-----------------------------|------------------------|
|   | Share capital<br>RM'000       | Treasury shares<br>RM'000 | Share premium<br>RM'000 | Share option reserve<br>RM'000 | Fair value reserve<br>RM'000 | Foreign Currency Translation reserve<br>RM'000 | Retained earnings<br>RM'000 |                        |
| At 1 January 2010                         | 165,635                       | (2)                       | 161,944                 | 868                            | -                            | 331  | 301,985                     | 630,761                |
| Effect of adopting FRS 139                | -                             | -                         | -                       | -                              | 1,652                        | -  | -                           | 1,652                  |
| At 1 January 2010, as restated            | 165,635                       | (2)                       | 161,944                 | 868                            | 1,652                        | 331  | 301,985                     | 632,413                |
| Total comprehensive income for the period | -                             | -                         | -                       | -                              | 407                          | -  | 13,546                      | 13,953                 |
| Dividends                                 |                               |                           |                         |                                |                              |  | (6,625)                     | (6,625)                |
| Purchase of treasury shares               | -                             | (1)                       | -                       | -                              | -                            | -  | -                           | (1)                    |
| At 30 September 2010                      | 165,635                       | (3)                       | 161,944                 | 868                            | 2,059                        | 331  | 308,906                     | 639,740                |

Condensed Consolidated Statement of Changes in Equity  
**For the nine months ended 30 September 2011 - unaudited**

|   | /-----Non-distributable-----/ |                           |                         |                                |                              | Distributable                                  |                             | Total equity<br>RM'000 |
|---|-------------------------------|---------------------------|-------------------------|--------------------------------|------------------------------|--|-----------------------------|------------------------|
|   | Share capital<br>RM'000       | Treasury shares<br>RM'000 | Share premium<br>RM'000 | Share option reserve<br>RM'000 | Fair value reserve<br>RM'000 | Foreign Currency Translation reserve<br>RM'000 | Retained earnings<br>RM'000 |                        |
| At 1 January 2011                         | 165,635                       | (4)                       | 161,944                 | -                              | 3,471                        | (252)  | 317,489                     | 648,283                |
| Total comprehensive income for the period | -                             | -                         | -                       | -                              | (4,494)                      | (23)   | 28,957                      | 24,440                 |
| Dividends                                 | -                             | -                         | -                       | -                              | -                            | -  | (4,969)                     | (4,969)                |
| Purchase of treasury shares               | -                             | (1)                       | -                       | -                              | -                            | -  | -                           | (1)                    |
| At 30 September 2011                      | 165,635                       | (5)                       | 161,944                 | -                              | (1,023)                      | (275)  | 341,477                     | 667,753                |

Condensed Consolidated Statement of Cash Flows  
For the nine months ended 30 September 2011 - unaudited

|   | Note | Nine months ended 30 September |                 |
|---|------|--------------------------------|-----------------|
|   |      | 2011<br>RM'000                 | 2010<br>RM'000  |
| <b>Cash flows from operating activities</b>               |      |                                |                 |
| Profit before tax from continuing operations              |      | 36,130                         | 17,815          |
|   |      | <u>36,130</u>                  | <u>17,815</u>   |
| <b>Adjustment for :</b>                                   |      |                                |                 |
| Depreciation of property, plant and equipment             |      | 32,237                         | 28,424          |
| Net change in provisions                                  |      | 8,818                          | 5,284           |
| Gain on disposal of other investments                     |      | (2,400)                        | (811)           |
| Gain on disposal of property, plant and equipment         |      | (4)                            | (4)             |
| Property, plant & equipment written off                   |      | 13                             | 81              |
| Share of profit of jointly controlled entity              |      | (109)                          | -               |
| Dividend income   |      | (451)                          | (432)           |
| Interest income   |      | (1,895)                        | (1,192)         |
|   |      | <u>72,339</u>                  | <u>49,165</u>   |
| <b>Operating profit before changes in working capital</b> |      |                                |                 |
| Inventories   |      | 571                            | (158)           |
| Trade and other receivables                               |      | 1,846                          | 1,883           |
| Trade and other payables                                  |      | (11,777)                       | (4,087)         |
|   |      | <u>62,979</u>                  | <u>46,803</u>   |
| <b>Cash generated from operations</b>                     |      |                                |                 |
| Retirement benefits paid                                  |      | (4,648)                        | (2,377)         |
| Income tax refunded / (paid)                              |      | 1,256                          | 2,753           |
|   |      | <u>59,587</u>                  | <u>47,179</u>   |
| <b>Net cash from operating activities</b>                 |      |                                |                 |
| <b>Cash flows from investing activities</b>               |      |                                |                 |
| Dividends received  |      | 403                            | 392             |
| Interest received   |      | 1,895                          | 1,192           |
| Proceeds from disposal of other investments               | 19   | 26,264                         | 20,978          |
| Proceeds from disposal of property, plant and equipment   |      | 13                             | 43              |
| Purchase of other investments                             | 19   | (26,749)                       | (21,438)        |
| Purchase of property, plant and equipment                 |      | (35,455)                       | (35,570)        |
|   |      | <u>(33,629)</u>                | <u>(34,403)</u> |
| <b>Net cash used in investing activities</b>              |      |                                |                 |
| <b>Cash flow from financing activities</b>                |      |                                |                 |
| Dividend paid   |      | (4,969)                        | (6,625)         |
| Repayment of term loans                                   |      | -                              | (5,677)         |
| Purchase of treasury shares                               |      | (1)                            | (1)             |
|   |      | <u>(4,970)</u>                 | <u>(12,303)</u> |
| <b>Net cash used in financing activities</b>              |      |                                |                 |
| Net increase / (decrease) in cash and cash equivalents    |      | 20,988                         | 473             |
| Cash and cash equivalents at 1 January                    |      | 66,425                         | 62,307          |
|   |      | <u>87,414</u>                  | <u>62,780</u>   |
| <b>Cash and cash equivalents at 30 September</b>          |      |                                |                 |

**Cash and cash equivalents**

Cash and cash equivalents included in the condensed consolidated statement of cash flow comprise :

|   | Nine months ended 30 September |                |
|---|--------------------------------|----------------|
|   | 2011<br>RM'000                 | 2010<br>RM'000 |
| Cash and bank balances                  | 5,502                          | 6,880          |
| Short-term deposits with licensed banks | 81,911                         | 55,900         |
|   | <u>87,414</u>                  | <u>62,780</u>  |

## Notes to the Condensed Consolidated Interim Financial Statements

PBA Holdings Bhd is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Condensed Consolidated Interim Financial Statements of the Group as at and for the nine months period ended 30 September 2011 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in jointly controlled entity.

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2010 are available upon request from the Company's registered office at:

Level 32, Komtar  
10000 Penang

These Condensed Consolidated Interim Financial Statements were approved by Board of Directors on 9 November 2011.

### **1. Basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad and FRS 134, *Interim Financing Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2010.

### **2. Significant accounting policies**

Except for the new Financial Reporting Standards, Amendments and Interpretations applicable to the Group effective from 1 January 2011 as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statement as at and for the year ended 31 December 2010.

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011**

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
  - Addition Exemption for First-time Adopters
- Amendments to FRS 7, Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments
- IC Interpretation 4, Determining whether an arrangement contains a Lease
- Improvements to FRSs (2010)

The adoption of the above FRSs, Amendments and Interpretations did not result in a significant change in accounting policies and presentation of the financial results of the Group.

The following revised FRSs, new IC Interpretations and Amendments to FRSs applicable to the Group has been issued by the MASB and are effective for annual periods commencing on or after 1 July 2011 and 1 January 2012, and have yet to be adopted by the Group.

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011**

IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments

#### **FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012**

FRS 124, Related Party Disclosures (revised)

## Notes to the Condensed Consolidated Interim Financial Statements

**2. Significant accounting policies (continued)**

The initial application of the above FRSs and amendments to FRSs and Interpretation is not expected to have any significant impact on the Group.

**3. Changes in estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2010.

**4. Seasonality of operations**

There is no seasonality or cyclical on the Group's operations.

**5. Property, plant and equipment****a) Acquisition and disposals**

During the nine months ended 30 September 2011 the Group acquired assets with a cost of RM35.46 million (nine months ended 30 September 2010: RM35.57 million).

Other assets with a carrying amount of RM13,000 were disposed off during the nine months ended 30 September 2011 (nine months ended 30 September 2010: RM81,000), resulting in a gain on disposal of RM4,000 (nine months ended 30 September 2010: gain of RM4,000), which is included in other income.

**b) Capital Commitments**

|   | <b>At 30 September<br/>2011<br/>RM'000</b> | <b>At 31 December<br/>2010<br/>RM'000</b> |
|---|--|---|
| Approved Capital Expenditures:-                                   |  |   |
| i) Contracted but not provided for in the<br>Financial Statements | 118,000                                    | 64,000                                    |
| ii) Approved but not contracted for                               | 158,000                                    | 247,000                                   |

**6. Assets classified as held for sale**

During the nine months ended 30 September 2011, the subsidiary company planned to dispose off 50 units of unoccupied residential premises and the sale is expected to complete by year 2011. The net book value of the assets held for sale as at 30 September 2011 is RM1,289,000.

**7. Share capital and share premium**

No additional issuance of share capital and share premium as at 30 September 2011 except for the following :

**a) Treasury shares**

During the nine months ended 30 September 2011, the Company repurchased 1,000 of its issued ordinary shares from the open market at an average price of RM0.99 per share (nine months ended 30 September 2010 : 1,000 shares at average price of RM0.85 per share). The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

## Notes to the Condensed Consolidated Interim Financial Statements

### 8. Changes in composition of the Group

There are no changes in the composition of the Group for the current quarter and current financial year to-date ended 30 September 2011.

### 9. Operating segments

There is only one business segment being to abstract raw water, treat, supply and distribute water in the state of Penang. Other operation of the Group mainly comprise investment holding, provision of water bottling services and training facilities none of which constitutes a separately reportable segment.

### 10. Subsequent event

There are no material events subsequent to the statement of financial position date up to the date of the issue of this report.

### 11. Contingencies

#### Group

A claim in court against the Group by a third party in 2010 for damages for the supply of goods and services has been referred for arbitration during the year 2010. Both parties are in process of negotiation for a settlement.

#### Company

|  | <b>At 30 September<br/>2011<br/>RM'000</b> | <b>At 31 December<br/>2010<br/>RM'000</b> |
|--|--|---|
| Corporate guarantee given to a bank in respect of credit facilities granted to a jointly controlled entity | 181  | 225                                       |

### 12. Related parties

No disclosure of related party transactions is required in the financial statements of state-controlled enterprises of transactions with other state-controlled enterprises as permitted by FRS 124 – Related Party Disclosures.

## Notes to the Condensed Consolidated Interim Financial Statements

### **NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS: Chapter 9, Appendix 9B, Part A.**

#### **13. Review of Group performance**

Group revenue for the quarter ended 30 September 2011 increased by RM10.2 million or 20.8% as compared to the preceding year corresponding quarter 2010. Group profit before tax of RM7.3 million increased by 88.5% as compared to the preceding year corresponding quarter of RM3.9 million. The increases were mainly due to the improved sale of water revenue from trade consumers.

#### **Additional Information**

The following are new expenditures will be incurred for the year 2011 :-

##### **a) Water Intake Fees**

A subsidiary company has been charged by the Penang State Government for water intake fees at RM0.30 per c.u.m of production volume with effect from 1 January 2011. The amount of water intake fees for the year is approximately RM10.9 million.

##### **b) Leasing Charges**

On 2 June 2011, a subsidiary company has entered into a Facility Agreement and a Leasing Agreement with Pengurusan Asset Air Berhad (PAAB) to enable the subsidiary to carry out water supply services on the land leased from PAAB. The amount of leasing charges is RM14.56 million per annum for a period of 45 years with effect from 1 August 2011.

The land leased has a net book value of RM655.3 million at the date of the agreements.

##### **c) License Fees**

A subsidiary company has been awarded by the Minister of Energy, Water and Communication on 2 June 2011 for a Service License issued pursuant to Section 9 of the Water Services Industry Act 2006.

The License shall be effective from 1 June 2011 to 31 May 2014. The License Fee is calculated based on 1% of the revenue from the sale of water by the subsidiary.

#### **14. Variation of results against preceding quarter**

Group revenue decreased from RM64.6 million to RM59.3 million as compared to the immediate preceding quarter. Group profit before tax of RM7.3 million was down by RM8.3 million compared to the immediate preceding quarter of RM15.6 million largely due to lower trunk main contributions (TMC) revenue.

#### **15. Current year prospects**

Revenue from sales of water is expected to sustain until year end. Nevertheless, the Board continues to be mindful on measures implemented to mitigate escalating costs amidst prevailing economic conditions.

#### **16. Profit forecast or profit guarantee**

Not applicable.

## Notes to the Condensed Consolidated Interim Financial Statements

**17. Income Tax expense**

|   | Three months ended<br>30 September |                | Current year-to-date ended<br>30 September |                |
|---|------------------------------------|----------------|--|----------------|
|   | 2011<br>RM'000                     | 2010<br>RM'000 | 2011<br>RM'000                             | 2010<br>RM'000 |
| <b>Current income tax</b>                           |                                    |                |  |                |
| Malaysian - current year                            | 508                                | 96             | 2,173                                      | 361            |
| - prior year  | -                                  | 59             | -  | 59             |
|   | <u>508</u>                         | <u>155</u>     | <u>2,173</u>                               | <u>420</u>     |
| <b>Deferred Tax</b>                                 |                                    |                |  |                |
| - Origination and reversal of temporary differences | 1,000                              | 150            | 5,000                                      | 2,700          |
| - Prior Year  | -                                  | 1,150          | -  | 1,150          |
|   | <u>1,000</u>                       | <u>1,300</u>   | <u>5,000</u>                               | <u>3,850</u>   |
| Income tax expense from continuing operations       | <u>1,508</u>                       | <u>1,455</u>   | <u>7,173</u>                               | <u>4,270</u>   |

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax expected for the full year applied to the pre-tax income of the interim period.

The lower effective tax rate of the Group is due to reinvestment allowance claimed by the subsidiary company.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group for the current year to-date is as follows:

|   | 30 September<br>2011<br>RM'000 |
|---|--------------------------------|
| Profit before taxation  | 36,130                         |
| Taxation at Malaysian statutory tax rate of 25%                                 | 9,033                          |
| Income not subject to tax   | (669)                          |
| Expenses not deductible for tax purposes  | 1,924                          |
| Deferred tax assets recognised in respect of unutilised reinvestment allowances | (3,508)                        |
| Other item  | 393                            |
| Tax expense for the year  | 7,173                          |

As at 30 September 2011, the unutilised reinvestment allowance of the Group available indefinitely for off setting against future taxable profits amounted to RM295 million.

**18. Unquoted investments and properties**

There was no sale of unquoted investments and/or properties for the quarter under review and financial period to date.

## Notes to the Condensed Consolidated Interim Financial Statements

**19. Other investments**

Other investments comprise quoted investments in equity managed by external fund management companies in accordance with the terms of respective Investment Management mandate.

(a) The total purchase consideration and sale proceeds of investments for the quarter ended 30 September 2011 and financial year to-date 30 September 2011 and gain/loss arising there from are as follows:

|  | Three months ended<br>30 September<br>2011<br>RM'000 | Year-to-date<br>30 September<br>2011<br>RM'000 |
|--|--|--|
| Balance at 01-07-11/01-01-11                 | 26,922   | 24,606   |
| Add : Purchase of investments                | 11,617   | 26,749   |
| Less : Proceeds from disposal of investments | (11,445)   | (26,264)                                       |
| Gain on disposal of investments              | 499  | 2,400  |
| Fair value of quoted investments             | (4,596)  | (4,494)  |
| <b>Gross Balance at 30-9-11</b>              | <b>22,997</b>  | <b>22,997</b>                                  |

(b) As at 30 September 2011 and 31 December 2010, the funds were invested as follows:

|  | Year-to-date<br>30 September<br>2011<br>RM'000 | Year-to-date<br>31 December<br>2010<br>RM'000 |
|--|--|---|
| Shares quoted in Malaysia, at fair value | 16,723   | 20,918  |
| Fixed deposits with licensed banks       | 296  | 1,327   |
| Money market placement                   | 5,978  | 2,361   |
| <b>Total</b>                             | <b>22,997</b>                                  | <b>24,606</b>                                 |

**20. Corporate proposals**

There are no corporate proposals which have been announced for the current quarter and current financial year to-date.

## Notes to the Condensed Consolidated Interim Financial Statements

**21. Loans and borrowings**

|  | Currency | At 30 September<br>2011<br>RM'000 | At 31 December<br>2010<br>RM'000 |
|--|----------|-----------------------------------|----------------------------------|
| <b>Non-current</b>                     |          |                                   |                                  |
| <i>Unsecured:</i>                      |          |                                   |                                  |
| Term Loan from Penang State Government | RM       | 71,788                            | 65,236                           |
| <b>Current</b>                         |          |                                   |                                  |
| <i>Unsecured:</i>                      |          |                                   |                                  |
| Term Loan from Penang State Government | RM       | -                                 | 6,552                            |
| <b>Total loans and borrowings</b>      |          | 71,788                            | 71,788                           |

The unsecured and interest free term loan was obtained from the State Government of Penang to finance major water projects and has no fixed terms of repayment.

**22. Off balance sheet financial instrument**

The Group does not have any financial instruments with off balance sheet risk as at 9 November 2011, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

**23. Material litigation**

As at 9 November 2011, there was no material litigation against the Group except as disclosed in note 11.

**24. Dividends**

The Board of Directors has declared an interim tax exempt dividend of 3.5% amounting to approximately RM5,798,000 in respect of the financial year ending 31 December 2011 for the current quarter ended 30 September 2011 (30 September 2010 – interim tax exempt dividend of 3% amounting to RM4,969,000).

## Notes to the Condensed Consolidated Interim Financial Statements

**25. Earnings per ordinary share**

Basic earnings per ordinary shareholders

|  | <b>Three months ended<br/>30 September 2011<br/>Continuing<br/>operations<br/>RM'000</b> | <b>Three months ended<br/>30 September 2010<br/>Continuing<br/>operations<br/>RM'000</b> | <b>Current year-to-date<br/>30 September 2011<br/>Continuing<br/>operations<br/>RM'000</b> | <b>Current year-to-date<br/>30 September 2010<br/>Continuing<br/>operations<br/>RM'000</b> |
|--|--|--|--|--|
| Profit for the period                      | 5,780  | 2,413  | 28,957   | 13,546   |
|  | <b>Three months ended<br/>30 September 2011<br/>'000 Shares</b>                          | <b>Three months ended<br/>30 September 2010<br/>'000 Shares</b>                          | <b>Current year-to-date<br/>30 September 2011<br/>'000 Shares</b>                          | <b>Current year-to-date<br/>30 September 2010<br/>'000 Shares</b>                          |
| Issued ordinary shares at 1 January        | 331,266  | 331,230  | 331,266  | 331,230  |
| Effect of share buyback                    | (1)  | (1)  | (1)  | (1)  |
| Weighted average number of ordinary shares | 331,265  | 331,229  | 331,265  | 331,229  |
|  | <b>Three months ended<br/>30 September 2011<br/>Continuing<br/>operations<br/>Sen</b>    | <b>Three months ended<br/>30 September 2010<br/>Continuing<br/>operations<br/>Sen</b>    | <b>Current year-to-date<br/>30 September 2011<br/>Continuing<br/>operations<br/>Sen</b>    | <b>Current year-to-date<br/>30 September 2010<br/>Continuing<br/>operations<br/>Sen</b>    |
| Basic earnings per ordinary share          | 1.74   | 0.73   | 8.74   | 4.09   |

## Notes to the Condensed Consolidated Interim Financial Statements

**26. Realised and Unrealised Profits or Losses**

The breakdown of the retained earnings of the Group and of the Company as at 30 September 2011, into realised and unrealised profits, was compiled with the Guidance on Special Matter No 1, Determination of Realised and Unrealised Profit or Losses in the context of Disclosures pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysia Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad, is as follows:

|  | <b>At 30 September<br/>2011<br/>RM'000</b> | <b>At 31 December<br/>2010<br/>RM'000</b> |
|--|--|---|
| Total retained earnings :                                  |  |   |
| Realised gain  | 302,534                                    | 273,654                                   |
| Unrealised loss  | (16,000)                                   | (11,000)                                  |
|  | <u>286,534</u>                             | <u>262,654</u>                            |
| Share of retained earnings of jointly<br>controlled entity |  |   |
| Realised gain  | 1,163                                      | 1,055                                     |
|  | <u>287,697</u>                             | <u>263,709</u>                            |
| Add : Consolidation adjustments                            | 53,780                                     | 53,780                                    |
| Total retained earnings                                    | <u>341,477</u>                             | <u>317,489</u>                            |

**27. Auditor's report on preceding annual financial statements**

The auditor's report on the audited annual financial statements for the year ended 31 December 2010 was not qualified