



**BURSA MALAYSIA**

**Financial Results**

Form Version 8 (Enhanced)

Ownership transfer to CS\_SECURITIES SERVICES HOLDINGS PENANG/EDMS/KLSE on 21/05/2010 05:11:04 PM

Submitted by CS\_SECURITIES SERVICES HOLDINGS PENANG on 21/05/2010 05:08:14 PM

Reference No CS-100521-C8571

**Submitting Investment**

**Bank/Advisor**  
(If applicable)

**Submitting Secretarial Firm**  
(If applicable) SECURITIES SERVICES (HOLDINGS) SDN BHD

**Company name \*** PBA HOLDINGS BHD

**Stock name \*** PBA

**Stock code \*** 5041

**Contact person \*** THUM SOOK FUN

**Designation \*** COMPANY SECRETARY

**Part A1 - QUARTERLY REPORT**

**Financial Year End \*** 31/12/2010

**Quarter \***  1 Qtr  2 Qtr  3 Qtr  4 Qtr  Other

**Quarterly report for the financial period ended \*** 31/03/2010

**The figures \***  have been audited  have not been audited

Please attach the full Quarterly Report here:



PBA\_Interim Report Q110.pdf

Remarks:

**Currency** Malaysian Ringgit (MYR)

**Part A2 - SUMMARY OF KEY FINANCIAL INFORMATION**

**Summary of Key Financial Information for the financial period ended**  
**\* 31/03/2010**

INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR TO	PRECEDING YEAR

	QUARTER *	CORRESPONDING	DATE *	CORRESPONDING
	31/03/2010	QUARTER	31/03/2010	PERIOD
	[dd/mm/yyyy]	31/03/2009	[dd/mm/yyyy]	31/03/2009
	\$'\$000	\$'\$000	\$'\$000	\$'\$000
1 Revenue	48,854	44,291	48,854	44,291
2 Profit/(loss) before tax	6,655	2,147	6,655	2,147
3 Profit/(loss) for the period	5,374	3,027	5,374	3,027
4 Profit/(loss) attributable to ordinary equity holders of the parent	5,374	3,027	5,374	3,027
5 Basic earnings/(loss) per share (Subunit)	1.62	0.91	1.62	0.91
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00

	AS AT END OF CURRENT QUARTER*	AS AT PRECEDING FINANCIAL YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	1.9300	1.9100

**Remarks :**

**Definition of Subunit:**

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

**Part A3 - ADDITIONAL INFORMATION**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR TO	PRECEDING YEAR
	QUARTER*	CORRESPONDING	DATE*	CORRESPONDING
	31/03/2010	31/03/2009	31/03/2010	31/03/2009
	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]	[dd/mm/yyyy]
	\$'\$000	\$'\$000	\$'\$000	\$'\$000
1 Gross interest	354	439	354	439

Income				
2 Gross interest expense	3	12	3	12

Remarks :

Other Currency

**Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION**

**Summary of Key Financial Information for the financial period ended  
\* 31/03/2010**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDING PERIOD
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1 Revenue				
2 Profit/(loss) before tax				
3 Profit/(loss) for the period				
4 Profit/(loss) attributable to ordinary equity holders of the parent				
5 Basic earnings/(loss) per share (Subunit)				
6 Proposed/Declared dividend per share (Subunit)				
	AS AT END OF CURRENT QUARTER*		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)				

Remarks :

**Definition of Subunit:**

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.

Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

**Part A3: ADDITIONAL INFORMATION**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER*	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE*	PRECEDING YEAR CORRESPONDING PERIOD
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1 Gross interest income				
2 Gross interest expense				

Remarks :

Note: The above information is for the Exchange internal use only.

**PRIVATE & CONFIDENTIAL**

**PBA HOLDINGS BHD**

Company No: 515119-U  
(Incorporated in Malaysia)

**Interim Financial Report**

**31 MARCH 2010**

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Condensed Consolidated Statement of Financial Position  
As at 31 March 2010 - unaudited

	Note	31 March 2010 RM'000	31 December 2009 RM'000 (Restated)
<b>Assets</b>			
Property, plant and equipment	5	677,063	681,447
Prepaid lease land payments		17,000	17,052
Investment in jointly controlled entity		1,289	1,289
Other investment		22,413	21,060
<b>Total non-current assets</b>		<u>717,765</u>	<u>720,848</u>
Trade and other receivables		32,770	33,303
Inventories		16,399	15,333
Current tax assets		9,774	9,507
Cash and cash equivalents		59,020	62,307
<b>Total current assets</b>		<u>117,963</u>	<u>120,450</u>
<b>Total assets</b>		<u>835,728</u>	<u>841,298</u>
<b>Equity</b>			
Share capital		165,635	165,635
Reserves		310,663	466,778
Share premium		161,945	-
<b>Total equity attributable to owners of the company</b>		<u>638,243</u>	<u>632,413</u>
<b>Minority Interest</b>		-	-
<b>Total equity</b>	6	<u>638,243</u>	<u>632,413</u>
<b>Liabilities</b>			
Loans and borrowings	20	66,733	71,788
Employee benefits		27,194	25,694
Deferred tax liabilities		7,500	6,350
<b>Total non-current liabilities</b>		<u>101,427</u>	<u>103,832</u>
Loans and borrowings	20	6,552	6,552
Trade and other payables		87,397	96,041
Employee benefits		2,109	2,460
<b>Total current liabilities</b>		<u>96,058</u>	<u>105,053</u>
<b>Total liabilities</b>		<u>197,485</u>	<u>208,885</u>
<b>Total equity and liabilities</b>		<u>835,728</u>	<u>841,298</u>

Condensed Consolidated Statement of Comprehensive Income  
For the three month ended 31 March 2010 - unaudited

	Note	Three months ended 31 March		Current year-to-date ended 31 March	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Continuing operations</b>					
Revenue		48,854	44,291	48,854	44,291
Cost of sales		(34,942)	(34,743)	(34,942)	(34,743)
<b>Gross profit</b>		<u>13,912</u>	<u>9,548</u>	<u>13,912</u>	<u>9,548</u>
Other income		3,262	2,060	3,262	2,060
Administrative expenses		(10,515)	(9,449)	(10,515)	(9,449)
<b>Results from operating activities</b>		<u>6,659</u>	<u>2,159</u>	<u>6,659</u>	<u>2,159</u>
Finance income		-	-	-	-
Finance cost		(3)	(12)	(3)	(12)
<b>Net finance cost</b>		<u>(3)</u>	<u>(12)</u>	<u>(3)</u>	<u>(12)</u>
Share of profit of jointly controlled entity, net of tax		-	-	-	-
<b>Profit before tax</b>		<u>6,655</u>	<u>2,147</u>	<u>6,655</u>	<u>2,147</u>
Income tax expenses	16	(1,281)	880	(1,281)	880
<b>Profit from continuing operations</b>		<u>5,374</u>	<u>3,027</u>	<u>5,374</u>	<u>3,027</u>
<b>Discontinued operation</b>					
Profit / (Loss) from discontinued operation, net of tax		-	-	-	-
<b>Profit for the period</b>		<u>5,374</u>	<u>3,027</u>	<u>5,374</u>	<u>3,027</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>456</u>	<u>-</u>	<u>456</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>5,830</u>	<u>3,027</u>	<u>5,830</u>	<u>3,027</u>
<b>Profit attributable to :</b>					
Owners of the company		5,374	3,027	5,374	3,027
Minority interests		-	-	-	-
<b>Profit for the period</b>		<u>5,374</u>	<u>3,027</u>	<u>5,374</u>	<u>3,027</u>
<b>Total comprehensive income attributable to :</b>					
Owners of the company		5,830	3,027	5,830	3,027
Minority interests		-	-	-	-
<b>Total comprehensive income for the period</b>		<u>5,830</u>	<u>3,027</u>	<u>5,830</u>	<u>3,027</u>
<b>Basic earnings per ordinary share (sen) :</b>					
From continuing operations	24	1.62	0.91	1.62	0.91
From discontinued operation		-	-	-	-
		<u>1.62</u>	<u>0.91</u>	<u>1.62</u>	<u>0.91</u>



Condensed Consolidated Statement of Changes in Equity  
**For the three months ended 31 March 2010 - unaudited**

Note	-----Attributable to owners of the Company-----							Total RM'000	Minority interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Share option reserve RM'000	Treasury reserve RM'000	Retained earnings RM'000			
At 1 January 2009	165,603	161,910	374	-	895	-	295,429	624,211	-	624,211
Total comprehensive income for the period	-	-	-	-	-	-	3,027	3,027	-	3,027
At 31 March 2009	165,603	161,910	374	-	895	-	298,456	627,238	-	627,238

Condensed Consolidated Statement of Changes in Equity  
**For the three months ended 31 March 2010 - unaudited**

Note	-----Attributable to owners of the Company-----							Total RM'000	Minority interests RM'000	Total equity RM'000
	-----Non-distributable-----				Distributable					
	Share capital RM'000	Share premium RM'000	Translation reserve RM'000	Fair value reserve RM'000	Share option reserve RM'000	Treasury reserve RM'000	Retained earnings RM'000			
At 1 January 2010, as previously stated	165,635	161,945	330	-	868	(2)	301,985	630,761	-	630,761
-effect of adopting FRS 139		-	-	1,652	-	-	-	1,652	-	1,652
At 1 January 2010, as restated	165,635	161,945	330	1,652	868	(2)	301,985	632,413	-	632,413
Total comprehensive income for the period	-	-	-	456	-	-	5,374	5,830	-	5,830
At 31 March 2010	165,635	161,945	330	2,108	868	(2)	307,359	638,243	-	638,243

Condensed Consolidated Statement of Cash Flows  
**For the three months ended 31 March 2010 - unaudited**

	<b>Three months ended 31 March</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax from :		
- continuing operations	6,655	2,147
	<u>6,655</u>	<u>2,147</u>
<b>Adjustment for :</b>		
Amortisation of prepaid land lease payments	52	51
Depreciation of property, plant and equipment	9,331	8,558
Dividend income	(132)	(93)
Finance income	(354)	(439)
Loss on disposal of property, plant and equipment	(4)	(37)
Gain on disposal of other investment	(756)	241
Net change in provisions	2,265	1,064
Property, plant & equipment written off	43	51
<b>Operating profit before changes in working capital</b>	<u>17,100</u>	<u>11,543</u>
Change in employee benefits, provision and deferred income		-
Change in inventories	(1,065)	(420)
Change in trade and other payables	(4,060)	10,100
Change in trade and other receivables, prepayments and other financial assets	511	8,571
<b>Cash generated from operations</b>	<u>12,485</u>	<u>29,794</u>
Income tax (paid) / refund	(389)	718
Retirement benefits paid	(1,116)	(443)
<b>Net cash from operating activities</b>	<u>10,980</u>	<u>30,069</u>

Condensed Consolidated Statement of Cash Flows  
**For the three months ended 31 March 2010 - unaudited**

**Three months ended 31 March**  
**2010**                      **2009**  
**RM'000**                      **RM'000**

**Cash flows from investing activities**

Acquisition of other investment	(12,478)	(2,322)
Acquisition of property, plant and equipment	(9,551)	(10,203)
Dividends received	123	79
Interest received	354	439
Proceeds from disposal of other investments	12,336	2,224
Proceeds from disposal of property, plant and equipment	4	40
<b>Net cash used in investing activities</b>	<u>(9,211)</u>	<u>(9,743)</u>

**Cash flow from financing activities**

Dividend paid to owner of the company	-	(7,452)
Repayment of loans and borrowings	(5,055)	(5,055)
<b>Net cash used in financing activities</b>	<u>(5,055)</u>	<u>(12,507)</u>

Net increase / (decrease) in cash and cash equivalents

(3,286)	7,819
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Cash and cash equivalents at 1 January

62,307	80,164
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**Cash and cash equivalents at 31 March**

<u>59,020</u>	<u>87,983</u>
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**Cash and cash equivalents**

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

**Three months ended 31 March**  
**2010**                      **2009**  
**RM'000**                      **RM'000**

Cash and bank balances  
Bank overdraft

6,120	87,983
52,900	-
<u>59,020</u>	<u>87,983</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 three month period ended 31 March 2010 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 2009 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 20 May 2010.

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

#### **(a) Statement of compliance**

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 2009.

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

Except for the new Financial Reporting Standards, Amendments and Interpretations applicable to the Group effective from 1 January 2010 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 2009.

- FRS 7, Financial Instruments: Disclosures
- FRS 8, Operating Segments
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement - Reclassification of Financial Assets
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment

Other than the application of FRS 101 and FRS 139, the application 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.

## Notes to the Condensed Consolidated Interim Financial Statements

**(a) Change in accounting policy****(i) FRS 139, *Financial Instruments: Recognition and measurement***

The adoption of FRS 139 has resulted in the following adjustments made to the carrying amount of the Group's other investments as follows:

Group	Fair value reserve RM'000	Other investments RM'000
At 31 December 2009 / 1 January 2010, as previously stated	-	19,408
Adjustments arising from adoption of FRS 139:		
- Fair value of other investments in equity	1,652	1,652
At 31 December 2009 / 1 January 2010, as restated	1,652	21,060

Prior to the adoption of FRS 139, other investments in equity, other than investments in subsidiaries and jointly controlled entity were stated at cost less allowance for diminution in value which is other than temporary. With the adoption of FRS 139, quoted investments in equity, other than investment in subsidiaries and jointly controlled entity are now categorized and measured as available-for-sale as detailed above and measured at fair values with the gains or losses recognized in other comprehensive income.

**ii) FRS 123, *Borrowing Costs***

Before 1 January 2010, borrowing cost was all expensed to profit or loss as and when they were incurred. With the adoption of FRS 123, the Group capitalizes borrowing costs that are directly attributable to the acquisition, construction and production of qualifying assets as part of the cost of the asset for which the commencement date of capitalization is on or after 1 January 2010.

The change in accounting policy has been applied prospectively in accordance with the transitional provisions of FRS 123.

Hence, the adoption of FRS 123 does not affect the basic and diluted earnings per ordinary share for prior periods and has no material impact to current period's basic and diluted earnings per ordinary share.

**iii) FRS 101 (revised), *Presentation of Financial Statements***

The Group applies revised FRS 101 (revised), which became effective as of 1 January 2010. As a result, the Group presents all non-owner changes in equity in the consolidated statement of comprehensive income.

Comparative information, with the exception of the requirements under FRS 139, have been re-presented so that it is in conformity with the revised standard. This standard does not have any impact on earnings per ordinary share.

## Notes to the Condensed Consolidated Interim Financial Statements

**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 2009.

**4. Seasonality of operations**

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

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

During the three months ended 31 March 2010 the Group acquired assets with a cost of RM9.551 million (three months ended 31 March 2009: RM10.203 million).

Assets with a carrying amount of RM4,000 were disposed of during the three months ended 31 March 2010 (three months ended 31 March 2009: RM40,000), resulting in a gain on disposal of RM4,000 (three months ended 31 March 2009: gain of RM37,000), which is included in other income.

**b) Capital Commitments**

	<b>At 31 March 2010 RM'000</b>	<b>At 31 December 2009 RM'000</b>
Approved Capital Expenditures:-		
i) Contracted but not provided for in the Financial Statements	62,000	65,000
ii) Approved but not contracted for	259,000	266,000

**6. Share capital and share premium**

No additional issuance of share capital and share premium as at 31 March 2010 (31 March 2009: nil).

**7. 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 31 March 2010.

**8. Operating segments**

There is only one business segment being to abstract raw water, treat, supply and distribute water to 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.

## Notes to the Condensed Consolidated Interim Financial Statements

### 9. 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.

### 10. Contingencies

#### Group

A third party has filed a claim in court against the Group for damages amounting to approximately RM26,000,000. However, the Group's solicitors opined that the claim is unjustified.

The Group has filed an application for the above matter to be referred for arbitration. The Directors, having relied on the opinion of the solicitors and the recommendation of the Company's management, are of the opinion that no provision is necessary.

#### Company

	<b>At 31 March 2010 RM'000</b>	<b>At 31 December 2009 RM'000</b>
Corporate guarantee given to a bank in respect of credit facilities granted to a jointly controlled entity	362	362

### 11. 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.****12. Review of Group performance**

Group revenue for the quarter ended 31 March 2010 increased by RM4.6 million or 10.3 percent as compared to the corresponding quarter 2009. Group profit before tax of RM6.7 million increased by 210% as compared to the preceding year corresponding quarter of RM2.1 million. This is mainly due to the increase in trade consumption and trunk mains contributions as well as income from other investment.

**13. Variation of results against preceding quarter**

Group revenue improved from RM47.4 million to RM48.9 million as compared to the immediate preceding quarter. Group profit before tax of RM6.7 million was up by RM4.4 million compared to the immediate preceding quarter of RM2.3 million largely due to the lower administrative expenses.

**14. Current year prospects**

The current Malaysia economic recovery will have a positive impact to the Group. The Group is expected to achieve satisfactory results for the year ending 31 December 2010. The Group will continue with the cost containment program that has been implemented in 2009 to mitigate the increase in cost of sales and administrative expenses.

**15. Profit forecast or profit guarantee**

Not applicable.

**16. Income Tax expense**

	Three months ended 31 March		Current year-to-date ended 31 March	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Current income tax</b>				
Malaysian - current year	131	120	131	120
- prior year	-	-	-	-
	<u>131</u>	<u>120</u>	<u>131</u>	<u>120</u>
<b>Deferred Tax</b>				
Origination and reversal of temporary differences	1,150	(1,000)	1,150	(1,000)
Recognition of previously unrecognised tax losses	-	-	-	-
	<u>1,150</u>	<u>(1,000)</u>	<u>1,150</u>	<u>(1,000)</u>
Income tax expense from continuing operations	<u>1,281</u>	<u>(880)</u>	<u>1,281</u>	<u>(880)</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 tax charge of the Group is due to reinvestment allowance claimed by the subsidiary company.

## Notes to the Condensed Consolidated Interim Financial Statements

**16. Income Tax expense (continued)**

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:

	31 March 2010 RM'000
Profit before taxation	6,655
Taxation at Malaysian statutory tax rate of 25%	1,664
Income not subject to tax	(189)
Expenses not deductible for tax purposes	125
Deferred tax assets recognised in respect of unutilised reinvestment allowances	(319)
Tax expense for the year	1,281

The unutilised reinvestment allowances and unabsorbed capital allowances of the Group are available indefinitely for off setting against future taxable profits.

	31 March 2010 RM'000
Unutilised reinvestment allowances	291,494
Unabsorbed capital allowances	22,504

Last year, a subsidiary company has been issued with prior years' notices of additional tax payable and tax refundable of RM5.8 million and RM8.0 million respectively by the Inland Revenue Board ("IRB"). The additional tax payable was caused by the rejection of the reinvestment allowances claimed by the subsidiary in prior years on certain assets whilst the tax refundable was due to the additional capital allowances claimed arising from revised tax computations of prior years.

The rejection of the reinvestment allowances by IRB may potentially reduce the above unutilized reinvestment allowances by RM219.7 million and hence, the amount of unutilized reinvestment allowance available to set off against future taxable profits. The subsidiary has submitted an appeal to the IRB and the management, after consulting the tax lawyers, is of the opinion that there are grounds to appeal against the rejection.

The deferred tax calculation of the Group as at 31 March 2010 has taken into account of the unutilized reinvestment allowance rejected of RM219.7 million. In the event that the subsidiary is not successful in its appeal, the deferred tax liability of the Group will increase by approximately RM54.9 million with the corresponding amount being expensed to the consolidated income statement.

**17. Unquoted investments and properties**

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

## Notes to the Condensed Consolidated Interim Financial Statements

**18. Quoted investments**

(a) The total purchase consideration and sale proceeds of investments for the quarter ended 31 March 2010 and financial year to-date 31 March 2010 and gain/loss arising there from are as follows:

	Three months ended 31 March 2010 RM'000	Year-to-date 31 March 2010 RM'000
Balance at 01/01/10	21,060	21,060
Add : Purchase of investments	12,478	12,478
Less : Proceeds from disposal of investments	(12,336)	(12,336)
Gain/(Loss) on disposal of investments	755	755
Fair value of other investment in equity	456	456
<b>Gross Balance at 31-03-10</b>	<b>22,413</b>	<b>22,413</b>

b) These investments are managed by external fund management companies in accordance with the terms of the investment management mandate.

As at 31 March 2010 and 31 December 2009, the funds were invested as follows:

	Three months ended 31 March 2010 RM'000	Year-to-date 31 December 2009 RM'000
Shares quoted in Malaysia, at fair value	16,994	17,125
Fixed deposits with licensed banks	1,456	1,147
Money market placement	3,963	2,788
Less : Provision for diminution in value of investment	-	-
<b>Total</b>	<b>22,413</b>	<b>21,060</b>

**19. Corporate proposals**

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

**20. Loans and borrowings**

	Currency	At 31 March 2010 RM'000	At 31 December 2009 RM'000
<b>Non-current</b>			
<i>Unsecured:</i>			
Term Loan from Penang State Government	RM	66,733	71,788
<b>Current</b>			
<i>Unsecured:</i>			
Term Loan from Penang State Government	RM	6,552	6,552
<b>Total loans and borrowings</b>		<b>73,285</b>	<b>78,340</b>

## Notes to the Condensed Consolidated Interim Financial Statements

### 20. Loans and borrowings (continued)

#### (a) Issues and repayment schedule

The following current loans and borrowings were repaid during the three months ended 31 March 2010:

	<b>Interest Rate Nominal</b>	<b>Face value RM'000</b>	<b>Carrying amount RM'000</b>
<b>Repayments</b>			
Unsecured term loans	0%	(5,055)	(5,055)

### 21. Off balance sheet financial instrument

The Group does not have any financial instruments with off balance sheet risk as at 20 May 2010, the latest practicable date which is not earlier than 7 days from the date of this quarterly report.

### 22. Material litigation

As at 20 May 2010, there was no material litigation against the Group except as disclosed in note 10.

### 23. Dividends

A final tax exempt dividend of 4% per share, totalling RM6,625,000 for the financial year ended 31 December 2009 was recommended by the Directors subject to the approval of shareholders at the forthcoming Annual General Meeting (31 December 2008 – final dividend of 4% less tax at 25% amounting to RM4,968,000).

## Notes to the Condensed Consolidated Interim Financial Statements

**24. Earnings per ordinary share**

Basic earnings per ordinary shareholders

	<b>Three months ended 31 March 2010 Continuing operations RM'000</b>	<b>Three months ended 31 March 2009 Continuing operations RM'000</b>	<b>Current year-to-date 31 March 2010 Continuing operations RM'000</b>	<b>Current year-to-date 31 March 2009 Continuing operations RM'000</b>
Profit for the period	<u>5,374</u>	<u>3,027</u>	<u>5,374</u>	<u>3,027</u>
Weighted average number of ordinary shares	<b>Three months ended 31 March 2010 '000 Shares</b>	<b>Three months ended 31 March 2010 '000 Shares</b>	<b>Three months ended 31 March 2010 '000 Shares</b>	<b>Three months ended 31 March 2010 '000 Shares</b>
Issued ordinary shares at 1 January	331,230	331,206	331,230	331,206
Effect of ordinary shares issue	-	-	-	-
Weighted average number of ordinary shares	<u>331,230</u>	<u>331,206</u>	<u>331,230</u>	<u>331,206</u>
Basic earnings per ordinary share	<b>Three months ended 31 March 2010 Sen</b>	<b>Three months ended 31 March 2010 Sen</b>	<b>Three months ended 31 March 2010 Sen</b>	<b>Three months ended 31 March 2010 Sen</b>
From continuing operations	<u>1.62</u>	<u>0.91</u>	<u>1.62</u>	<u>0.91</u>

**Diluted earnings per share**

Diluted earnings per share is not applicable as the exercise price for the ESOS is higher than the market price of the Company's ordinary shares.

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

The auditor's report on the audited annual financial statements for the year ended 31 December 2009 was not qualified