

Quarterly rpt on consolidated results for the financial period ended 30/6/2014

PBA HOLDINGS BHD

Financial Year End 31/12/2014
 Quarter 2
 Quarterly report for the financial period ended 30/06/2014
 The figures have not been audited

Attachments

[PBAHB_Interim Financial Result Q2 2014.pdf](#)

120 KB

- Default Currency
- Other Currency

Currency: **Malaysian Ringgit (MYR)**

SUMMARY OF KEY FINANCIAL INFORMATION 30/06/2014

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30/06/2014 \$\$'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2013 \$\$'000	CURRENT YEAR TO DATE 30/06/2014 \$\$'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2013 \$\$'000
1 Revenue	67,125	64,569	132,612	126,333
2 Profit/(loss) before tax	8,403	12,081	16,680	20,758
3 Profit/(loss) for the period	8,297	11,218	16,378	19,334
4 Profit/(loss) attributable to ordinary equity holders of the parent	8,297	11,218	16,378	19,334
5 Basic earnings/(loss) per share (Subunit)	2.51	3.39	4.95	5.84
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT		AS AT PRECEDING FINANCIAL	

	QUARTER	YEAR END
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	2.2100	2.1600

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

Announcement Info

Company Name	PBA HOLDINGS BHD
Stock Name	PBA
Date Announced	22 Aug 2014
Category	Financial Results
Reference No	CS-140820-55351

PBA HOLDINGS BHD

Company No: 515119-U
(Incorporated in Malaysia)

Interim Financial Report

30 JUNE 2014

Contents

	Page
Interim Financial Report	
Condensed Consolidated Statement of Financial Position	1
Condensed Consolidated Statement of Profit or Loss and Other 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 June 2014 - unaudited

	Note	30 June 2014 RM'000	31 December 2013 RM'000
Assets			
Property, plant and equipment	5	852,984	838,330
Investment in a joint venture		2,189	2,226
Other investments		25,396	24,276
Total non-current assets		880,569	864,832
Inventories		10,961	12,101
Trade and other receivables		45,602	41,257
Tax recoverable		3,203	2,302
Cash and cash equivalents		43,360	52,395
Total current assets		103,126	108,055
Total assets		983,695	972,887
Equity			
Share capital		165,635	165,635
Reserves		566,708	551,113
Total equity	6	732,343	716,748
Loans and borrowings	18	11,020	10,280
Deferred income	19	43,845	39,595
Deferred liabilities	20	65,540	66,338
Other non-current payables		6,985	7,133
Total non-current liabilities		127,390	123,346
Deferred liabilities	20	1,595	1,595
Trade and other payables		122,367	131,198
Total current liabilities		123,962	132,793
Total liabilities		251,352	256,139
Total equity and liabilities		983,695	972,887

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the six months ended 30 June 2014 - unaudited

	Note	Three months ended 30 June		Current year-to-date ended 30 June	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Continuing operations					
Revenue		67,125	64,569	132,612	126,333
Cost of sales		(49,798)	(44,948)	(96,616)	(88,493)
Gross profit		<u>17,327</u>	<u>19,621</u>	<u>35,996</u>	<u>37,840</u>
Other operating income		3,588	3,318	6,339	5,743
Administrative expenses		(12,793)	(11,443)	(26,218)	(23,968)
Operating profit		<u>8,122</u>	<u>11,496</u>	<u>16,117</u>	<u>19,615</u>
Interest income		245	524	490	1,024
Share of profit of equity-accounted joint venture, net of tax		<u>36</u>	<u>61</u>	<u>73</u>	<u>119</u>
Profit before tax		<u>8,403</u>	<u>12,081</u>	<u>16,680</u>	<u>20,758</u>
Income tax expense	16	(106)	(863)	(302)	(1,424)
Profit for the period		<u>8,297</u>	<u>11,218</u>	<u>16,378</u>	<u>19,334</u>
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operation		(37)	(42)	(112)	(131)
Fair value of available-for-sale financial assets		(468)	1,226	(670)	1,660
Total other comprehensive income for the period		<u>(505)</u>	<u>1,184</u>	<u>(782)</u>	<u>1,529</u>
Total comprehensive income for the period		<u>7,792</u>	<u>12,402</u>	<u>15,596</u>	<u>20,863</u>
Profit for the year attributable to owners of the company		<u>8,297</u>	<u>11,218</u>	<u>16,378</u>	<u>19,334</u>
Total comprehensive income attributable to owners of the company		<u>7,792</u>	<u>12,402</u>	<u>15,596</u>	<u>20,863</u>
Basic earnings per ordinary share (sen) :	23	<u>2.51</u>	<u>3.39</u>	<u>4.95</u>	<u>5.84</u>

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 Jun 2013 -unaudited

	/-----Non-distributable-----/					Distributable	
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Fair value reserve RM'000	Foreign Currency Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2013 (as restated)	165,635	(8)	161,944	1,735	(94)	369,861	699,073
Fair value of available-for-sale financial assets	-	-	-	1,660	-	-	1,660
Foreign currency translation differences for foreign operation	-	-	-	-	131	-	131
Total other comprehensive income for the period	-	-	-	1,660	131	-	1,791
Profit for the period	-	-	-	-	-	19,334	19,334
Total comprehensive income for the period	-	-	-	1,660	131	19,334	21,125
Purchase of treasury shares	-	(214)	-	-	-	-	(214)
At 30 June 2013	165,635	(222)	161,944	3,395	37	389,195	719,984

Condensed Consolidated Statement of Changes in Equity
For the six months ended 30 June 2014 - unaudited

	/-----Non-distributable-----/					Distributable	
	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Fair value reserve RM'000	Foreign Currency Translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2014	165,635	(223)	161,944	3,407	607	385,378	716,748
Fair value of available-for-sale financial assets	-	-	-	(670)	-	-	(670)
Foreign currency translation differences for foreign operation	-	-	-	-	(112)	-	(112)
Total other comprehensive income for the period	-	-	-	(670)	(112)	-	(782)
Profit for the period	-	-	-	-	-	16,378	16,378
Total comprehensive income for the period	-	-	-	(670)	(112)	16,378	15,596
Purchase of treasury shares	-	(1)	-	-	-	-	(1)
At 30 June 2014	<u>165,635</u>	<u>(224)</u>	<u>161,944</u>	<u>2,737</u>	<u>495</u>	<u>401,756</u>	<u>732,343</u>

Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2014 - unaudited

	Six months ended 30 June	
	2014	2013
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax from continuing operations	16,680	20,758
Adjustments for :		
Depreciation of property, plant and equipment	23,611	22,698
Write back Impairment of assets	(140)	-
Amortisation of deferred liabilities	(798)	(798)
Amortisation of deferred income	(576)	-
Gain on disposal of other investments	(1,518)	(914)
Loss on disposal of property, plant and equipment	28	-
Property, plant & equipment written off	9	12
Share of profit of joint venture	(76)	(122)
Dividend income	(201)	(248)
Interest income	(613)	(1,147)
Operating profit before changes in working capital changes	36,406	40,239
Inventories	1,140	(781)
Trade and other receivables	(4,288)	(4,605)
Trade and other payables	(1,897)	(4,218)
Cash generated from operations	31,361	30,635
Income tax (paid) / refunded	(1,201)	2,425
Net cash from operating activities	30,160	33,060
Cash flows from investing activities		
Dividends received	200	234
Interest received	613	1,147
Proceeds from disposal of other investments	11,024	14,989
Proceeds from disposal of property, plant and equipment	100	-
Purchase of other investments	(11,296)	(15,225)
Purchase of property, plant and equipment	(34,894)	(35,381)
Net cash used in investing activities	(34,253)	(34,236)
Cash flow from financing activities		
Dividend paid	(5,793)	(5,797)
Drawdown of loans	851	3,838
Purchase of treasury shares	-	(214)
Net cash from financing activities	(4,942)	(2,172)
Net decrease in cash and cash equivalents	(9,035)	(3,348)
Cash and cash equivalents at 1 January	52,395	75,269
Cash and cash equivalents at 31 December	43,360	71,921
Cash and cash equivalents		
Cash and cash equivalents included in the condensed consolidated statement of cash flow comprise :		
	Six months ended 30 June	
	2014	2013
	RM'000	RM'000
Cash and bank balances	2,594	3,274
Short-term deposits with licensed banks	40,766	68,647
	43,360	71,921

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 period ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interests in joint venture entity.

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2013 are available upon request from the Company's registered office at:

Level 32, Komtar
10000 Penang

These Condensed Consolidated Interim Financial Statements were authorized for issue by Board of Directors on 21 August 2014.

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 MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial 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 2013.

2. Significant accounting policies

The accounting policies adopted in the preparation of these condensed consolidation interim financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2014.

2.1 Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to MRFS 10	Consolidated Financial Statements: Investment Entities
Amendments to MRFS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instrument: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

At the date of authorisation of these condensed consolidated interim financial statements, the following Standards were issued but not yet effective and have not been adopted by the Group:

Notes to the Condensed Consolidated Interim Financial Statements

Effective for financial periods beginning on or after 1 July 2014

Amendments to MRFS 119 Defined Benefit Plans: Employee Contributions
 Annual Improvements to MFRSs 2010 – 2012 Cycle
 Annual Improvements to MFRSs 2011 – 2013 Cycle

Effective date to be announced by MASB

MRFS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)
 MRFS 9 Financial Instruments: Mandatory Effective Date of MFRS 9 and
 Transition Disclosures (Amendments to MFRS 9 and MFRS 7)
 MRFS 9 Financial Instruments (Hedge Accounting and amendments to MFRS 9,
 MFRS 7 and MFRS 139)
 Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, other than MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when the full standard is issued.

3. Changes in estimates

The preparation of interim financial statements requires management to make judgements, estimations 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 estimating uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2013.

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 period ended 30 June 2014 the Group acquired assets with a cost of RM34.89 million (30 June 2013 : RM35.38 million).

Other assets with carrying amount of RM9,000 were written off during the period ended 30 June 2014 (30 June 2013 : RM12,000).

b) Depreciation and amortization

	Three months ended 30-Jun		Current year to-date ended 30-Jun	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Charge for the period	11,608	11,305	23,611	22,698

Notes to the Condensed Consolidated Interim Financial Statements

c) Impairment

During the period ended 30 June 2014, the subsidiary companies have written back the impairment of its assets amounting to RM140,000 (30 June 2013 : Nil)

d) Capital Commitments

	At 30 June 2014 RM'000	At 31 December 2013 RM'000
Approved Capital Expenditures:-		
i) Contracted but not provided for in the Financial Statements	97,000	123,000
ii) Approved but not contracted for	431,000	441,000

e) Transfer Of Assets From Customers

During the period ended 30 June 2014, assets transferred from Customer amounting RM4.72 million (30 June 2013 : Nil)

6. Share capital

No additional issuance of share capital as at 30 June 2014 except for the following:

a) Treasury shares

During the period ended 30 June 2014, the Company repurchased 1,000 of its issued ordinary shares from the open market at an average price of RM1.52 per share (30 June 2013 : 252,900 shares at average price of RM0.84 per share). The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

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 30 June 2014.

8. Operating segments

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

9. Subsequent event

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

10. Contingencies

There are no contingencies to the Company for the period.

11. Related parties

There are no significant transactions and changes with a joint venture entity, Government related entities and key management personnel compensation for the period.

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 30 June 2014 increased by RM2.6 million or 4.0% as compared to the preceding year corresponding quarter 2013. The increase was mainly due to the increase in consumption of water. Group profit before tax of RM8.4 million decreased by 30.4% as compared to the preceding year corresponding quarter of RM12.1 million due to the increase in cost of sales and administrative expenses.

13. Variation of results against preceding quarter

Group revenue increased from RM65.5 million to RM67.1 million as compared to the immediate preceding quarter. Group profit before tax of RM8.4 million was higher by RM0.1 million compared to the immediate preceding quarter of RM8.3 million largely due to higher revenue.

14. Current year prospects

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

15. Profit forecast or profit guarantee

Not applicable.

16. Income tax expense

	Three months ended 30 June		Current year to-date ended 30 June	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current income tax				
Malaysian - current year	106	523	302	1,084
	<u>106</u>	<u>523</u>	<u>302</u>	<u>1,084</u>
Deferred Tax				
Origination and reversal of temporary differences	-	340	-	340
	<u>106</u>	<u>863</u>	<u>302</u>	<u>1,424</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 a 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:

	30 June 2014 RM'000
Profit before taxation	16,680
Taxation at Malaysian statutory tax rate of 25%	4,170
Income not subject to tax	(445)
Expenses not deductible for tax purposes	131
Deferred tax assets recognised in respect of unutilised reinvestment allowances	(2,330)
Others	(1,224)
Tax expense for the year	302

As at 30 June 2014, the unutilised reinvestment allowance of the Group available indefinitely for off setting against future taxable profits amounted to RM459 million.

17. Corporate proposals

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

18. Loans and borrowings

The unsecured and interest free term loan was obtained from the State Government of Penang to finance Non Revenue Water (NRW) projects and repayable over 20 years period with effect from 14 September 2016.

As at 30 June 2014, the subsidiary company has fully drawdown from a RM20.0 million term loan agreement.

The term loan has been discounted using the prevailing financial rate of 5.5%. The fair value of the term loan was recognised as Deferred Income which will be amortised over 20 years period with effect from 14 September 2016.

	At 30 June 2014 RM'000	At 31 December 2013 RM'000
Non-current		
<i>Unsecured:</i>		
Loans and borrowings	11,020	10,280
Deferred Income (refer to Note 19)	8,980	8,869
Term Loan from State Government of Penang	20,000	19,149

Notes to the Condensed Consolidated Interim Financial Statements

	At 30 June 2014 RM'000	At 31 December 2013 RM'000
Balance brought forward	10,280	6,615
Add : Additions during the period	433	3,129
Add : Notional Interest :- Transfer from Deferred Income	307	536
Balance carried forward	<u>11,020</u>	<u>10,280</u>

19. Deferred Income

	Note	At 30 June 2014 RM'000	At 31 December 2013 RM'000
Government Term Loans	19.1	8,980	8,869
Assets Transferred from Customer	19.2	34,865	30,726
		<u>43,845</u>	<u>39,595</u>

19.1 Deferred Income – Government Term Loans

Deferred income represents the difference between the nominal value of the interest free term loan obtained from the State Government of Penang to finance Non-Revenue Water projects and the fair value of the loan measured on initial recognition. The deferred income is amortised over the useful life of the assets funded which ranged from 25 years to 50 years.

	Note	At 30 June 2014 RM'000	At 31 December 2013 RM'000
Balance brought forward		8,869	6,385
Add : Additions during the period		418	3,020
Less : Notional Interest :- Transfer to Loans & Borrowings		(307)	(536)
Balance carried forward	19	<u>8,980</u>	<u>8,869</u>

19.2 Deferred Income – Assets Transferred From Customers

The Deferred income from Transfer of Assets from Customers consist of the fair value of the assets transferred to a subsidiary company. The Deferred Income is amortised over the useful life of the transferred assets.

Notes to the Condensed Consolidated Interim Financial Statements

	Note	At 30 June 2014 RM'000	At 31 December 2013 RM'000
Balance brought forward		30,726	17,934
Add : Additions during the period		4,715	14,978
Less : Amortisation		(576)	(2,186)
Balance carried forward	19	<u>34,865</u>	<u>30,726</u>

20. Deferred liabilities

		At 30 June 2014 RM'000	At 31 December 2013 RM'000
Non-current		65,540	66,338
Current		1,595	1,595
Total Deferred liabilities		<u>67,135</u>	<u>67,933</u>

The deferred liabilities representing lease incentive are to be amortised over the lease period of 45 years with effect from 1 August 2011.

21. Material litigation

As at 21 August 2014, there was no material litigation against the Group.

22. Dividends

A final single tier dividend of 4.0% amounting to RM6,620,150 for the financial year ended 31 December 2013 was approved by shareholders at the Annual General Meeting on 26 June 2014 and paid on 25 July 2014 (31 December 2012 – final single tier dividend of 4.0% amounting to RM6,620,190).

Notes to the Condensed Consolidated Interim Financial Statements

23. Earnings per ordinary share

Basic earnings per ordinary shareholders

	Three months ended 30 June 2014 Continuing operations RM'000	Three months ended 30 June 2013 Continuing operations RM'000 (Restated)	Current year to-date 30 June 2014 Continuing operations RM'000	Current year to-date 30 June 2013 Continuing operations RM'000 (Restated)
Profit for the period	8,297	11,218	16,378	19,334
	Three months ended 30 June 2014 '000 Shares	Three months ended 30 June 2013 '000 Shares	Current year to-date 30 June 2014 '000 Shares	Current year to-date 30 June 2013 '000 Shares
Issued ordinary shares at 1 January	331,271	331,271	331,271	331,271
Effect of share buyback	(263)	(174)	(263)	(174)
Weighted average number of ordinary shares	331,008	331,097	331,008	331,097
	Three months ended 30 June 2014 Continuing operations Sen	Three months ended 30 June 2013 Continuing operations Sen	Current year to-date 30 June 2014 Continuing operations Sen	Current year to-date 30 June 2013 Continuing operations Sen
Basic earnings per ordinary share	2.51	3.39	4.95	5.84

Notes to the Condensed Consolidated Interim Financial Statements

24. Realised and Unrealised Profits or Losses

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2013, 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:

	At 30 June 2014 RM'000	At 31 December 2013 RM'000
Total retained earnings :		
Realised gain	346,282	329,980
	346,282	329,980
Share of retained earnings of joint venture		
Realised	1,694	1,618
	347,976	331,598
Add : Consolidation adjustments	53,780	53,780
Total retained earnings	401,756	385,378

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 2013 was not qualified

26. Notes to the Condensed Statement of Comprehensive Income

	Three months ended 30 June 2014 RM'000	Year to-date 30 June 2014 RM'000
a) Interest Income	245	490
b) Other Operating Income	3,588	6,339
c) Interest expense	3	14
d) Depreciation and amortization	11,608	23,611
e) Provision for and write off of receivables	202	146
f) Gain on disposal of quoted investments	(1,001)	(1,518)
g) Write-back Impairments of assets	-	(140)
h) Water Intake Fees to State Government of Penang	2,065	4,140
i) Leasing charges to Pengurusan Aset Air Berhad (PAAB)	3,241	6,483
j) License Fees to Suruhanjaya Perkhidmatan Air Negara (SPAN)	623	1,253