



PBAHB
(515119-U)
PBA Holdings Bhd

Memenuhi segala keperluan bekalan air anda
Meeting all your water supply needs



ANNUAL
REPORT
2015





Water & the web of life

Water sustains life, nurtures ecosystems,
influences climates and enables 21st Century lifestyles.
As such, it is good to reflect on the significance of water in the web of life
and the reasons why we need to conserve it for the future.

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Holistic Water Supply Management

PBA Holdings Bhd's primary subsidiary is Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP), the licensed water operator that serves the State of Penang in Malaysia.

With a land area totalling only 1,048 sq. km, Penang is a state with unlimited potential but very limited raw water resources.

Our primary business is to sustain continuous good water supply in Penang. With population growth and increasing socio-economic developments, we have to employ holistic water supply management strategies.

As such, we manage both water demand and supply in a water-stressed state.

Key Corporate Objectives

- Uninterrupted water supply
- Customer satisfaction
- Skilled, competent and motivated workforce
- Effective teamwork
- Timely and orderly development of water resources
- Productive utilization of financial and other resources
- Continuous improvement in all fields
- Compliance with all relevant legislations
- Effective relations with government agencies and industrial organisations

Vision

Meeting all your water supply needs



Mission

Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP)
will be the leading organisation in water supply



Commitment

We will be environmentally sensitive, responsible, proactive, professional, innovative and committed to excellence and sustainable development.

We will be responsible for the development of water supply and delivering the best possible service by being customer-oriented.

Core Values

- Accountability
- Communication
- Teamwork
- Integrity
- On-Going Learning
- New Ways of Improvement



Quality Policy

In line with its corporate objectives, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) is fully committed towards continual improvement as it strives to provide high quality services and products that will satisfy and delight customers.

Accordingly, PBAPP will:

- Continually improve and update its Quality Management System which is based on international ISO9001:2008 standards;
- Sustain a corporate culture driven by continual improvement by promoting and encouraging innovation, teamwork, diligence and creativity, as well as a proactive approach to water supply services;
- Provide the best possible training opportunities to encourage its employees to continuously upgrade their competency levels, knowledge and skills;
- Uphold its reputation as a model water supply organisation in Malaysia;
- Ensure the protection, preservation and conservation of the environment;
- Provide a safe and healthy working environment for all its personnel; and
- Ensure that all its personnel are fully committed towards promoting and implementing this quality management policy in all aspects of its operations and services.





Environmental Policy

In line with its corporate objectives, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) is fully committed towards protecting, preserving and conserving the environment while striving to meet all of Penang's water supply needs.

Accordingly, PBAPP will:

- Continually improve, update and expand its Environmental Management System which is based on international ISO14001:2004 standards;
- Strive to conduct its operations in a manner that is in harmony with nature;
- Reduce and/or control wastage of natural water resources and services.
- Conduct its business in a professional manner with emphasis on measurable key performance indicators and results, good corporate governance and corporate social responsibility;
- Prevent and avoid, as far as possible, any form of pollution by practising proper procedures, implementing control and monitoring mechanism, and conducting ISO14001:2004 audit practices and reviews;
- Comply with all related environmental legislative and legal standards, requirements and laws set by the Malaysian Government; and
- Ensure that all its personnel are fully committed towards promoting and implementing this environmental management policy in all aspects of its operations and services.



Occupational Safety & Health Policy

In line with its corporate objectives, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) is fully committed towards protecting, sustaining and supporting the wellbeing of its workforce.

Accordingly, PBAPP will:

- Continually improve and update its Occupational Safety & Health Management System which is based on international OHSAS18001:2007 specification;
- Promote safe and healthy work practices in all its offices, complexes and installations by identifying the hazards, assessing the risks and implementing control measures;
- Ensure that all its business activities are conducted without compromising the safety and health of its employees, contractors, suppliers, customers and visitors;
- Prevent and avoid, as far as possible, any workplace mishap by practising proper procedures, implementing control and monitoring mechanisms, and conducting OHSAS18001:2007 audit practices and reviews;
- Comply with all legislative and legal requirements and laws set by the Malaysian Government in relation to occupational safety and health; and
- Ensure that all its personnel are fully committed towards promoting and implementing this occupational safety & health management policy in all aspects of its operations and services.

Risk Management Policy

- Continuously identifying and assessing risks and improving control measures steered by clear guidelines for preventing, detecting and minimising risks.
- Maintaining a continuous effort towards prioritising and managing business risk based on the likelihood of occurrence (possibility) and magnitude of impact (severity) to:
 - Ensure business continuity;
 - Minimise any unexpected damage to reputation, shareholders' value and confidence; and
 - Prevent capital leakage, wastage and loss of earnings.
- There shall be a continuous effort by management to create, promote and sustain a company-wide culture of risk awareness and management.
- Daily operating business risks shall be the primary responsibility of the management and employees of the Company whilst corporate risks and responsibilities shall remain with the Board.



Whistleblower Policy

WHISTLEBLOWER POLICY WITHIN PBA HOLDINGS BHD GROUP OF COMPANIES

“Whistleblowing”, involves the disclosure of information to the relevant authorities by specific employees (within PBAHB and its subsidiaries), vendors and the general public, who discover breaches of the securities laws or any possible serious violation of internal policies, procedures or external laws by the perpetrators, culprits or fraudsters.

WHISTLEBLOWER POLICY gives protection to such persons against harassment or victimisation as a result of such disclosures; the Company has established internal procedures for handling employee concerns, to assist companies to address any shortcomings within its processes, and to facilitate good governance practices. Therefore, employees, vendors and the general public are encouraged to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and malpractices at the earliest opportunity via the appropriate channel.

THE UNDERLYING FUNDAMENTALS AND RATIONALE OF THE POLICY

- i) All concerns raised will be treated fairly and properly;
- ii) The Company will not tolerate harassment or victimization of the employees, vendors and the general public raising a genuine concern;
- iii) Any employees, vendors and the general public making a disclosure will retain anonymity unless he agrees otherwise;
- iv) The Company will ensure that the employees, vendors and the general public raising a concern is aware of who is handling the matter;
- v) The Company will ensure no employees, vendors and the general public will be at risk of suffering any form of reprisal as a result of raising a genuine concern;

- vi) To enable the Company to achieve the highest possible standards of corporate governance ethical standards;
- vii) The Company’s workforce represents a valuable source of information that can be utilized to identify a potential problem, and deal with it, before it causes potential damage to the Company’s reputation or stakeholders;
- viii) This Policy provides employees, vendors and the general public with a secure channel of reporting impropriety in the knowledge that the matter will be treated confidentially;
- ix) An effective whistleblowing procedure will provide an open, honest and accountable culture amongst all employees, vendors and the general public where they can express their concerns, without fear of victimization or termination of employment.

To report any incidents please contact any of the following Company Directors who have been appointed as the Liaison Officers, via telephone, mail or email. The appointed persons will act promptly to investigate the issue:

- **YB Prof. Dr. P. Ramasamy a/l Palanisamy**
Tel : 04-262 9930
Fax : 04-261 8715
Email : ramasamy@penang.gov.my
- **YBhg. Dato’ Seri Nazir Ariff Bin Mushir Ariff**
Tel : 04-227 5000
Email : nazir@aspen.com.my
- By mail :
PBA Holdings Bhd
Level 32, Menara Komtar, Jalan Penang,
10000 Pulau Pinang.

MS ISO/IEC 27001:2007 Information Security Policy

INFORMATION SECURITY POLICY

PBAPP recognises the value and importance of information and Information Assets for the organisation in providing adequate, clean and safe water to the state of Penang. This Policy is aimed at protection of Information Assets of Sungai Dua Water Treatment Plant (WTP) and all its supporting services which shall serve as point of reference for all other subsequent policies pertaining to Information Security and shall also act as a guide towards planning for emergency and crisis situations.

It is the Policy of the Management of PBAPP to ensure:

1. Information Assets will be protected against unauthorised access.
2. Confidentiality, Integrity and Availability of information and Information Assets will be assured, maintained and met accordingly.
3. Classification of Information Assets is applied and to perform Risk Management to identify and evaluate security risks so that appropriate measures can be taken.
4. Standards, Procedures and Guidelines relating to the Information Security is in place to support its implementation as well as to define the minimum level of information security compliance for all employees and third parties who conduct business with Sungai Dua WTP.
5. Regulatory and legislative requirements will be met.
6. Availability of information security training to all staff of Sungai Dua WTP.
7. Continual improvement to Information Security Management System (ISMS) security initiatives with sufficient provision of resources.

Application of this Policy

1. This Policy applies to all staff at Sungai Dua WTP and its supporting services and to all information contained therein, whether owned by, held in custody for customers, or, used by Sungai Dua WTP and its supporting services.
2. The ISMS Management Representative (ISMS MR) shall be responsible for structuring information security within Sungai Dua WTP and its supporting services. He/She shall maintain the policies and advise on its implementation.
3. All Department Heads are directly responsible for implementing the Policy within their own departments, and for adherence by their staff.
4. It is the responsibility of each employee of the Sungai Dua WTP to adhere to the Policy and related Standards, Procedures and Guidelines. Breach of these may result in disciplinary action.
5. Staff should report all breaches of information security, actual or suspected, to their respective Managers for further action.

Delivering Results

In 2015, PBA Holdings Bhd (PBAHB) recorded a profit after tax (PAT) of RM38.00 million, while achieving non-revenue water (NRW) of 19.9% in Penang.

Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP), our wholly-owned subsidiary, sustained 100% urban supply and 99.7% rural supply coverage in Penang in 2015 and the first quarter of 2016.

There was no incidence of water rationing in Penang during the prolonged dry season in Q1 of 2015, and also during the super hot, 'Super El Niño' season in Q1 2016. This is a record we are proud of and hope we can maintain when the Super El Niño season gains in ferocity with ever longer droughts.

Moreover, our smooth and professional water supply services continued to support the socio-economic development of Penang. In fact, if not for the sharp drop in the value of the ringgit last year, Penang would have achieved the status of a high-income economy*.

In view of these achievements, one could say that PBAHB has, once again, delivered the right results for all stakeholders in 2015.

NET DIVIDEND OF 7.5% FOR 2015

As 2015 was another profitable year for PBAHB, the Board is proposing a final single tier dividend of 4.0% for the year in review.

We are pleased to table, for your kind approval, this final dividend payment. With approval, all shareholders will receive a net single tier dividend proposed and declared of approximately 7.5% for the financial year ended 31 December 2015.

If approved, the amount of this final dividend pay out will be RM6.62 million.

CORE BUSINESS REPORT 2015

PBAHB is the public-listed holdings company for PBAPP, the water supply operator licensed by the National Water Services Commission (SPAN) to serve Penang.

Accordingly, PBAHB Group's primary revenue stream was from the sale of water.

In 2015, sales of water to 575,747 registered water consumers in Penang generated RM300.325 million in revenue for the company, as compared to RM261.017 million in 2014. The percentage revenue increase year-on-year was 15.06%.

Other operating income contributed an additional RM11.245 million to our coffers in 2015, as compared to RM16.853 million in 2014.

Meanwhile, PBAHB's cost of sales was RM207.119 million in 2015, or 5.89% more than in 2014 (RM195.603 million). Administrative expenses also increased marginally by 4.36% year-on-year, to RM60.632 million as compared to RM58.101 million in the preceding year.

Taking into account interest income and share of profit from an equity-account joint venture, PBAHB recorded a profit before tax (PBT) of RM44.770 million for 2015.

Deducting a tax expense of RM6.770 million, the PAT for 2015 was RM37.999 million, 53.48% higher than the 2014 PAT of RM24.759 million.

PROSPECTS FOR THE FUTURE

PBAHB's financial prospects are invariably linked with Penang's future prospects, as the demand for water supply generally increases in tandem with population growth, social development and economic expansion.

Although Penang has a land area of only 1,048 sq km, it contributed to 7.4% of Malaysia's Gross Domestic Product (GDP), 7.0% of port container traffic and 22% of the country's balance of trade surplus in 2014. Penang also attracted 12.3% of Malaysia's foreign tourist arrivals.

In 2015, Penang's GDP was projected to be RM71.063 billion in 2015. The estimated GDP per capita was RM42,251.



Chairman's Message



“ Our smooth and professional water supply services continued to support the socio-economic development of Penang. ”



The World Economic Forum Human Capital Report has defined a 'high income economy' as one in which the GDP per capita reaches USD12,467. Based on the USD1 to RM3.27 exchange rate in 2014, this threshold would have been RM40,841.

However, the drop in the value of the ringgit in 2015 (due to extraneous factors such as the 1MDB scandal) has inadvertently raised the bar for Penang to RM50,000. Although Penang is not a 'high income economy' yet, it is well on the way there.

Meanwhile, the Penang State Government is shaping a progressive economic policy that is investment-led, inclusive and sustainable to create wealth through a public-private partnership that drives long-term growth and productivity.

In many respects, Penang is an entrepreneurial state. However, the State Government does not believe in becoming involved in market outcomes, in accordance to the mantra that "the business of government is not to get into business." Instead, the State focuses on playing a catalytic role in providing public goods and services and basic communications infrastructure while spurring the development of key risk industries.

In this context, several exciting developments are presently being proposed and implemented by the State to ensure that Penang achieves the 'high income economy' status in the shortest possible time:

- The Gurney Wharf Project: a public seafront promenade recreational area to be developed on 24.28 hectares of reclaimed land fronting the sea off Gurney Drive. Inspired by globally renowned waterfront places in San Francisco, London and Sydney, this "Park on the Sea" project will provide a refreshing public space for the people as well as boost tourism, retail and food & beverage activities.
- Penang Undersea Tunnel: a 6.5km tunnel that will directly 'connect' Butterworth in Seberang

Prai with George Town on Penang Island. This "third link" will enhance the development of both Butterworth and North Seberang Perai with George Town as centres for business, tourism and culture.

- Seberang Prai Selatan Development Corridor: Encompassing the areas of Bukit Minyak, Nibong Tebal and Batu Kawan within proximity of the Second Penang Bridge, this 120 sq km "growth corridor" will be developed into an integrated hub for manufacturing, services and commercial/residential property development on the southern front of the mainland.
- Penang Transport Master Plan (PTMP): A 5-in-1 public transport solution incorporating LRT/monorail systems, ferry/water taxis, taxis, buses and cable cars. The PTMP will focus on moving people rather than moving vehicles to effectively address traffic congestion issues on Penang Island.

Safe, stable and sustainable water supply management is a critical requirement for the successful realisation of these development projects.

As Penang stands on the threshold of a new era in world-class development, PBAHB will plan and implement long-term solutions in sustainable water supply management to help our state to unleash its full potential.

We will continue to meet all of Penang needs in water supply.

RAW WATER CHALLENGE

The main challenge for Penang and PBAHB is securing a second raw water resource.

This year, we managed to optimise water abstraction from Sungai Muda, our primary source of raw water to avoid rationing during the 'Super El Niño' phenomenon. However, such measures may no longer be enough in the future when water demand is higher.





Despite numerous requests since 2011, the Federal Government has not moved to initiate the implementation of the Sungai Perak Raw Water Transfer Scheme (SPRWTS).

Meanwhile, Perak has insisted that it is interested to sell "treated water" to Penang. This is impractical because Perak's water tariffs for domestic consumption (up to 35,000 litres per month) and trade consumption (up to 500,000 litres per month) are higher than Penang's tariffs.

Please allow me to reiterate that when Penang migrated to the National Water Services Restructuring Initiative (NWSRI) in 2011, it was agreed that the Federal Government would be financially responsible for other new raw water resource projects for the benefit of Penang.

Moreover, the implementation of the SPRWTS will

also benefit water supply operations in North Perak.

In 2016, Penang will continue to pursue the implementation of the SPRWTS.

However, with the present impasse, it is becoming increasingly evident that Penang needs to implement contingency plans to avoid a water crisis in the future. Since we do not believe in waiting for a crisis to occur, we will plan ahead to avoid it.

While continuing to depend primarily on Sungai Muda, we will look into the possibility of implementing rainwater harvesting, water recycling and desalination to ensure water sufficiency in the future. Such technologies have been successfully implemented in Singapore to good effect.

The price of such technologies will be higher when compared to the costs of conventional water

treatment in Penang. Nevertheless, it may well be a price that Penang has to pay to avoid rationing and to attain water security for the future.

ACKNOWLEDGEMENTS

As we mark yet another vintage year in PBAHB's history, I wish to commend and thank my fellow Board Members, as well as the management and staff of PBAHB and PBAPP, for the fine results we achieved in 2015.

The icing on the cake was the 'ASEAN Outstanding Engineering Achievement Award 2015' that PBAPP received for design and construction work at the Sungai Dua Water Treatment Plant. This award was received by our Chief Executive Officer Dato' Ir. Jaseni Maidinsa at the closing dinner of 33rd Conference of the ASEAN Confederation of Engineering Organisations in Penang on 25th November 2015.

Dato' Ir. Jaseni (who received his Dato'ship award in conjunction with the 77th Birthday of the Yang Dipertua Negeri Pulau Pinang on 5th September 2015) was also honoured with a second CAFEO 33 award for 'Outstanding Engineer and Industry Leader'.

Looking ahead, I hope these ASEAN-level awards will motivate us to address the water supply challenges of 2016 and 2017 in typical PBAHB style – professionally, efficiently and sustainably. Let us continue to deliver the right results to all our stakeholders.

Thank You.

Lim Guan Eng

18 April 2016

* *"Penang: A High Income Model for Malaysia through Inclusive Growth", 14 October 2015, Merton College, Oxford University, UK.*





CAFEO 33 2015

Conference of ASEAN Federation
of Engineering Organizations
24th November 2015



Two ASEAN Engineering Awards for PBAPP



Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) received two awards at the 33rd Conference of the ASEAN Federation of Engineering Organisations (CAFEO).

The "ASEAN Outstanding Engineering Achievement Award 2015" was conferred upon PBAPP for its engineering achievements at the Sungai Dua Water Treatment Plant (Sungai Dua WTP) in Seberang Perai.

This award recognises outstanding engineering achievements in ASEAN countries. Its citation states: 'The basis for this award shall be an engineering achievement that demonstrates outstanding engineering skills, that have made a significant contribution to the engineering process and the quality of life in ASEAN.'

PBAPP and PBA Holdings Bhd (PBAHB) Chief Executive Officer Dato' Ir. Jaseni Maidinsa said water supply engineering developments in the Sungai Dua WTP had supported Penang's phenomenal socio-economic growth in the past 41 years.

"The Sungai Dua WTP was commissioned in 1973. Since then, its maximum treatment capacity has been expanded 9-fold (900%), from 136MLD (million litres per day) to 1,228MLD in March 2016.

"In 1973, there was only one water treatment module in the Sungai Dua WTP. Today, there are five operational treatment modules in the plant. A sixth module is coming online soon," he said.

Dato' Ir. Jaseni said that PBAPP would continue to expand the Sungai Dua WTP, with a view to further enhance its output and efficiency for the future.

"In fact, this 'ASEAN Outstanding Engineering Achievement Project Award' honours the good work of many dedicated Penang water supply engineers and technicians since 1973.

"The late Dato' Ir. Kam U-Tee and Dato' Ir. Lee Yow Ching, the General Managers of Pihak Berkuasa Air (PBA), laid the foundations on which we continue to build upon today. Dato' Ir. Liew Chook San, the previous General Manager of PBAPP, set us on the right path towards professional 21st century water management in Penang," he said.

"Most importantly, this award belongs to everyone in the PBAPP family who continuously work as a team. It will inspire us to continue upholding the fine tradition of ensuring good water supply in Penang," he added.

The second AFEO award for PBAPP is the conferment of the "ASEAN Outstanding Engineering Achievement Award" for the Year 2015 upon Dato' Ir. Jaseni. This award is given to Dato' Ir. Jaseni for his success as an Outstanding Engineer and Industry leader who has devoted constantly to the Society and Community in Malaysia.

Dato' Ir. Jaseni has served in PBA, PBAPP and PBAHB for 30 years.

Sustaining Continuous Water Supply

KEY OPERATIONAL STATISTICS 2015

During the year in review, PBAPP sold an average of 812.8 million litres of treated water per day (MLD) to registered domestic and trade consumers throughout the State of Penang.

We used conventional treatment technology to treat water abstracted from rivers and catchment areas in 9 treatment plants, the largest being the ASEAN award-winning Sungai Dua Water Treatment Plant (WTP) in Seberang Prai at CAFEO.

Treated water was stored in 57 reservoirs and 40 towers throughout the State of Penang. PBAPP operated 88 booster pump stations to push treated water to its customers via a distribution network comprising 4,346km of pipelines (100mm and above).

Year-on-year, our customer base increased by 2.48%, from 561,811 customers in 2014 to 575,747 customers in 2015. As the PBAPP workforce stood at 1,232 personnel during the year in review, our employee to consumer efficiency ratio was 1 : 467.

MANAGING THE 'SUPER EL NIÑO' THREAT

In water supply management, it always pays to plan ahead.

In Q4 of 2015, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (PBAPP) worked to ensure that the effective capacities of Penang's operational dams were as high as possible in view of dry season water needs in Q1 2016. On 1st January 2016, the effective capacities of the Air Itam Dam and Teluk Bahang Dam were 89.3% and 84.2% respectively.

On 10th January 2016, news broke on the projected impact of a 'Super El Niño' phenomenon nationwide. The Meteorological Department warned that all Malaysian states would experience the impact of this phenomenon, with a 20%-60% shortfall in rainfall and soaring temperatures.

On 13th January 2016, PBAPP issued a media release announcing a water supply status alert and urging people and businesses to conserve water in view of the threat.

Meanwhile, PBAPP also streamlined the following engineering initiatives:

- Optimising Penang's dam reserves by drawing down as little water as possible from the dams.
- Increasing extraction of water from Sungai Muda for treatment at the Sungai Dua WTP.
- Increasing the output of the Sungai Dua WTP to produce more treated water daily.
- Pumping water from the Sungai Dua WTP at higher pressures to reach all areas on the mainland, and to the South-West district of Penang Island.
- Expediting repair works for pipe bursts that may be caused by higher pumping pressures.
- Monitoring the levels of Sungai Muda, Penang's primary source of raw water, 24/7.

In February 2014, Penang had secured a standing agreement with the Ministry of Energy, Green Technology and Water (KeTTHA) to ask Kedah to release water into Sungai Muda as needed by Penang. This agreement facilitated the decommissioning of the Mengkuang Dam, Penang's largest dam, to enable the RM1.2 billion Mengkuang Dam Expansion Project (MDEP).

As a result of these initiatives, there has been no incidence of rationing in Penang to date. PBAPP continues to supply water to 575,747 customers, 24/7.

The manner in which PBAPP managed this threat reflects its business philosophy in managing water supply sustainably for Penang.

As far as possible, we do not plan to deal with crises. Instead, we plan to avoid crises.



CEO's Message





“ The manner in which PBAPP managed the ‘Super El Niño’ threat reflects its business philosophy in managing water supply sustainably for Penang. ”

7 FORWARD-PLANNING PROJECTS

As part of its commitment to continuous improvement and to avoid rationing at all costs, PBAPP has completed and/or commissioned several key water infrastructure projects in the period April 2015 – May 2016:

- In 2016, PBAPP is planning to award a public tender for the laying of 3.2km of 1,200mm twin submarine pipelines from Butterworth to Penang Island. The implementation of this project will further upgrade the delivery of treated water from the Sungai Dua WTP to areas on the island.
- Package 12 Sungai Dua WTP: A new 114 MLD water treatment module to further upgrade the plant's overall maximum treatment capacity from 1,114MLD to 1,228MLD.
- Bukit Dumbar 2 Pumping Station: A new 272 MLD pumping station to upgrade treated water pumping operations from Bukit Dumbar to the South-West District of Penang Island. This new station will also back-up the operations of the original Bukit Dumbar pumping station at this strategic location.
- 36 Million Litre (ML) Jawi Reservoir: A new reservoir to increase treated water storage in Seberang Prai Selatan.
- 900mm Pipeline from Bukit Tengah to Jalan Song Ban Keng: 3.2km of pipes have been installed in anticipation of a higher demand for water in the township of Bukit Mertajam.
- 450mm Pipeline from Teluk Bahang Dam to Titi Kerawang: 6.3km of pipes have been installed to enhance distribution in nearby areas as well as to address future needs in Balik Pulau.
- Teluk Bahang treated water pumping station to back up water supply to Balik Pulau.

5 SUSTAINABLE WATER SUPPLY MANAGEMENT INITIATIVES

Looking ahead, PBAPP is focusing on 5 key strategies to sustain good water supply in Penang towards 2020 and beyond.

Based on the principle that sustainable water supply management requires both ‘demand management’ and ‘supply management’, the strategies are:

DEMAND MANAGEMENT

- Public Awareness & Education: To cultivate the development of a ‘water saving society’ and to promote sustainable development. Besides highlighting water supply issues and challenges and the benefits of saving water, this initiative focuses on water education programmes for primary and secondary students.
- Raise the Value of Water: In support of the development of a water saving culture, PBAPP plans to gradually raise tariffs to motivate all consumers to use water wisely.
- Promote Water Saving Devices (WSDs): WSDs include devices such as taps, showers, toilet fittings, washing machines and dishwashers that automatically minimise water flow. The plan is to amend building by-laws and make it mandatory for all new development projects to install WSDs. Incentives may also be offered to trade consumers who retrofit such devices in their buildings.

SUPPLY MANAGEMENT

- Holistic Water Supply Management: To avoid rationing, PBAPP strives to optimise all elements of the water supply value chain. In this context, PBAPP will continue to work with the Penang State Government to protect gazetted water catchment areas in Penang. PBAPP will also look into ways and means to increase the dry



weather storage capacities of Penang's dams and reservoirs to last more than 100 days in view of climate change challenges. A key example of this commitment is the Mengkuang Dam Expansion Project.

- **Develop Additional Raw Water Resources:** With various iconic development projects in the pipeline, Penang is fast approaching the limit of its dependency on one primary source of raw water – Sungai Muda. With this in mind, PBAPP will continue to push for the implementation of the Sungai Perak Raw Water Transfer Scheme (SPRWTS) as an additional raw water resource. At the same time, we will also look into other technologies such as rainwater harvesting, water recycling and desalination as long-term raw water resource solutions for Penang to complement existing conventional water treatment technologies.

12% INCREASE IN REVENUE FROM CHINA SUBSIDIARY

Pinang Water Limited (PWL) generated a 12% increase in revenue for supplying 50MLD of treated water in Yichun City, Jiangxi Province, China. The company's revenue appreciated from USD1.94 million in 2014 to USD2.18 million in 2015.

PWL is a joint-venture company set up amongst YLI Holdings Bhd, PBA Holdings Bhd and Ranhill Water (Hong Kong). Since 2006, its China-registered subsidiary has been managing the daily operations of the Yuan He Water Treatment Plant in Jiangxi Province, China.

HRDF RECOGNITION FOR PWSA

In May 2015, the Penang Water Services Academy (PWSA) secured Human Resources Development Fund (HRDF) recognition as a training provider. This allows our existing and prospective clientele to utilise their HRDF contributions for PWSA training programmes.

PWSA is the only accredited water services academy in Malaysia that is recognised by the Skills Development Department (JPK) under the Ministry of Human Resources, Malaysia.

In November 2015, the National Water Services Commission (SPAN) renewed its approval for PWSA to conduct Technical Competency Programmes that lead to the only Government-recognised technical training certifications in the field of water supply in Malaysia.

ACKNOWLEDGEMENTS

On behalf of the management and staff of PBAHB and PBAPP, I thank our Board of Directors for their valuable input and guidance in 2015.

It was a rewarding year for the PBA Group of Companies. We managed to achieve many meaningful results. Once again, I would like to give credit where credit is due: to the PBAHB-PBAPP family for their good work, as well as for good teamwork.

Finally, I would like to record our appreciation for the support from all our stakeholders, customers and business partners who have helped, in one way or another, to make 2015 another good year for us.

Thank You.

Dato' Ir. Jaseni Maidinsa

18 April 2016







CEO's Profile



DATO' Ir. JASENI BIN MAIDINSA

aged 58, Malaysian citizen

Chief Executive Officer of PBAHB and PBAPP

Dato' Ir. Jaseni Maidinsa was appointed as Chief Executive Officer (CEO) of PBAHB on 1 April 2007. He was redesignated as CEO of PBAPP on 1 March 2015.

Dato' Ir. Jaseni holds a Diploma in Civil Engineering from Universiti Teknologi Malaysia (1979); a BSc. (Hons.) Civil Engineering degree from the University of Glasgow (1984); a Diploma in Management from the Malaysian Institute of Management (1991); and a Masters Degree in Business Administration from Universiti Sains Malaysia (2001). He is a registered Professional Engineer with the Board of Engineers, Malaysia (BEM), and is also a member of the Malaysian Water Association (MWA).

Dato' Ir. Jaseni has been serving in PBAPP, and previously in Pihak Berkuasa Air (PBA), for a total of 30 years. He was the Distribution and Workshop Engineer for Penang Island, PBA Penang (1985 - 1987), Consumer Engineer for Penang Island, PBA Penang (1987 - 1991), Senior Executive Engineer for Planning and Development for Penang Island, PBA Penang (1991 - 2001), Development Manager, PBAPP (2001 - 2007) and General Manager, PBAPP (2007 - 2015) .

He holds 226,400 ordinary shares in the Company but does not hold any directorship in other public company. He has no family relationship with any Companies' Directors and / or substantial shareholders of the Company, no conflict of interest with the Company and has had no conviction for any offences within the past ten (10) years other than traffic offences, if any.

Penang State Water Supply Infrastructure



LEGEND

- | | | | |
|--|-----------------|--|----------------------|
| | Dam | | River |
| | Reservoir | | Canal |
| | Treatment plant | | Catchments |
| | Mains | | Customer care centre |
| | Pump house | | Ampang Jajar |

Corporate Information

PBA GROUP OF COMPANIES



PBA Holdings Bhd (515119-U)

BOARD OF DIRECTORS

- **YAB Tuan Lim Guan Eng**
(Non-Executive Chairman)
- **YB Dato' Haji Mohd Rashid Bin Hasnon**
(Non-Executive Deputy Chairman)
- **YB Prof. Dr. P. Ramasamy A/L Palanisamy**
(Non-Executive Director)
- **YB Dato' Seri Farizan Bin Darus**
(Non-Executive Director)
- **YB Dato' Haji Mokhtar Bin Mohd Jait**
(Non-Executive Director)
- **YB Dato' Haji Abdul Malik Bin Abul Kassim**
(Non-Executive Director)
- **YB Tuan Lim Hock Seng**
(Non-Executive Director)
- **YB Tuan Phee Boon Poh**
(Non-Executive Director)
- **YB Tuan Chow Kon Yeow**
(Non-Executive Director)
- **YBhg. Dato' Agatha Foo Tet Sin**
(Senior Independent Non-Executive Director)
- **Puan Mary Geraldine Phipps**
(Independent Non-Executive Director)
- **YBhg. Dato' Athi Isvar A/L Athi Nahappan**
(Independent Non-Executive Director)
- **YBhg. Dato' Seri Nazir Ariff Bin Mushir Ariff**
(Independent Non-Executive Director)
- **Tuan Brian Tan Guan Hooi**
(Independent Non-Executive Director)



Perbadanan Bekalan Air Pulau Pinang Sdn Bhd (475961-X)

BOARD OF DIRECTORS

- **YAB Tuan Lim Guan Eng**
(Non-Executive Chairman)
- **YB Dato' Haji Mohd Rashid Bin Hasnon**
(Non-Executive Deputy Chairman)
- **YB Prof. Dr. P. Ramasamy A/L Palanisamy**
(Non-Executive Director)
- **YB Dato' Seri Farizan Bin Darus**
(Non-Executive Director)
- **YB Dato' Haji Mokhtar Bin Mohd Jait**
(Non-Executive Director)
- **YB Tuan Lim Hock Seng**
(Non-Executive Director)
- **YB Tuan Lau Keng Ee**
(Non-Executive Director)
- **YB Tuan Ng Wei Aik**
(Non-Executive Director)
- **YB Tuan Sim Tze Tzin**
(Non-Executive Director)
- **YB Tuan Teh Yee Cheu**
(Non-Executive Director)



PBA Resources Sdn Bhd (799680-A)

BOARD OF DIRECTORS

- **YBhg. Dato' Ir. Jaseni Bin Maidinsa**
(Company Director)
- **Encik Raffiq Raveendran Bin Abdullah**
(Company Director)



Island Springwater Sdn Bhd (795967-A)

BOARD OF DIRECTORS

- **YBhg. Dato' Ir. Jaseni Bin Maidinsa**
(Company Director)
- **Puan Joyce Lee Suan Imm**
(Company Director)

COMPANY SECRETARY

Thum Sook Fun (MIA 24701)

**REGISTERED OFFICE AND
BUSINESS ADDRESS**

32nd Floor, Komtar,
10000 Penang
Tel : (604) 200 6700
Fax : (604) 200 6704
Website : www.pbahb.com.my

SHARE REGISTRAR

Securities Services
(Holdings) Sdn. Bhd.
Suite 18.05, MWE Plaza,
No. 8, Lebuh Farquhar,
10200 Penang
Tel : (604) 263 1966
Fax : (604) 262 8544

AUDITORS

Grant Thornton
Chartered Accountants

PRINCIPAL BANKER

Malayan Banking Berhad, Penang

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
(Trading Services)
Stock Name : PBA
Stock Code : 5041

Corporate Structure



100% -
water supply in Penang



26% -
overseas projects



100% -
management company



100% -
water bottling plant



water supply training

PBAPP Organisation Structure

