

**PRIVATE & CONFIDENTIAL**

**PBA HOLDINGS BHD**

Company No: 200001012513(515119-U)  
(Incorporated in Malaysia)

**Interim Financial Report**

**31 DECEMBER 2020**

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Condensed Consolidated Statement of Financial Position  
As at 31 December 2020 - unaudited

	Note	31 December 2020 RM'000	31 December 2019 RM'000
<b>Assets</b>			
Property, plant and equipment	5	1,121,743	1,076,318
Right-of-use assets		191,404	197,297
<b>Total non-current assets</b>		<u>1,313,147</u>	<u>1,273,615</u>
Inventories		8,948	8,971
Trade and other receivables	6	34,409	41,913
Current tax assets		1,231	802
Cash and cash equivalents		107,817	157,957
<b>Total current assets</b>		<u>152,405</u>	<u>209,643</u>
<b>Total assets</b>		<u>1,465,552</u>	<u>1,483,258</u>
<b>Equity</b>			
Share capital		327,579	327,579
Reserves		365,669	350,841
<b>Total equity</b>	7	<u>693,248</u>	<u>678,420</u>
Loans and borrowings	21	21,104	55,485
Deferred income	22	12,696	17,152
Contract liabilities	23	93,978	84,759
Deferred liabilities	24	55,171	56,766
Lease liabilities	25	225,554	228,406
Deferred tax liabilities		148,000	142,000
<b>Total non-current liabilities</b>		<u>556,503</u>	<u>584,568</u>
Trade and other payables		177,600	177,924
Loans and borrowings	21	2,200	5,563
Contract liabilities	23	30,883	31,960
Deferred liabilities	24	1,595	1,595
Lease liabilities	25	3,502	3,191
Current tax liability		21	37
<b>Total current liabilities</b>		<u>215,801</u>	<u>220,270</u>
<b>Total liabilities</b>		<u>772,304</u>	<u>804,838</u>
<b>Total equity and liabilities</b>		<u>1,465,552</u>	<u>1,483,258</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
**For the twelve months ended 31 December 2020 - unaudited**

	Note	Three months ended 31 December		Current year-to-date ended 31 December	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Continuing operations</b>					
Revenue	18	85,324	81,415	336,303	340,201
Cost of sales		<u>(57,205)</u>	<u>(59,282)</u>	<u>(227,307)</u>	<u>(233,440)</u>
<b>Gross profit</b>		<u>28,119</u>	<u>22,133</u>	<u>108,996</u>	<u>106,761</u>
Other operating income		4,203	3,373	13,948	17,200
Administrative expenses		<u>(26,203)</u>	<u>(35,311)</u>	<u>(93,509)</u>	<u>(100,634)</u>
<b>Operating profit/(loss)</b>		<u>6,119</u>	<u>(9,805)</u>	<u>29,435</u>	<u>23,327</u>
Interest income		746	1,210	2,165	4,840
<b>Profit/(Loss) before interest and tax</b>		<u>6,865</u>	<u>(8,595)</u>	<u>31,600</u>	<u>28,167</u>
Interest expense		<u>(15)</u>	<u>(20)</u>	<u>(28)</u>	<u>(52)</u>
<b>Profit/(Loss) before tax</b>		<u>6,850</u>	<u>(8,615)</u>	<u>31,572</u>	<u>28,115</u>
Tax expense	19	<u>(5,939)</u>	<u>(3,791)</u>	<u>(6,814)</u>	<u>(2,962)</u>
<b>Profit/(loss) for the year</b>		<u>911</u>	<u>(12,406)</u>	<u>24,758</u>	<u>25,153</u>
<b>Other comprehensive loss, net of tax</b>					
Foreign currency translation differences for foreign operation		-	-	-	(216)
<b>Total other comprehensive loss for the year</b>		-	-	-	(216)
<b>Total comprehensive income/(loss) for the year</b>		<u>911</u>	<u>(12,406)</u>	<u>24,758</u>	<u>24,937</u>
<b>Earnings/(Loss) per share (sen) :</b>	28	<u>0.28</u>	<u>(3.75)</u>	<u>7.48</u>	<u>7.60</u>

Condensed Consolidated Statement of Changes in Equity  
**For the twelve months ended 31 December 2020 - unaudited**

	/---Non-distributable---/ Foreign Currency Translation Reserve RM'000			Distributable Retained Earnings RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000			
At 1 January 2019 As previously stated	327,579	(235)	216	368,313	695,873
Effects of adopting MFRS 16 As 1 January 2019 (restated)				(30,805)	(30,805)
	327,579	(235)	216	337,508	665,068
Realisation of foreign currency translation reserve to profit or loss upon liquidation	-	-	(216)	-	(216)
Profit for the year	-	-	-	25,153	25,153
Total comprehensive income for the year	-	-	(216)	25,153	24,937
Dividends	-	-	-	(11,584)	(11,584)
Purchase of treasury shares	-	(1)	-	-	(1)
At 31 December 2019	327,579	(236)	-	351,077	678,420

Condensed Consolidated Statement of Changes in Equity  
**For the twelve months ended 31 December 2020 - unaudited**

	/---Non-distributable---/ Foreign Currency			Distributable	
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2020	327,579	(236)	-	351,077	678,420
Profit for the year	-	-	-	24,758	24,758
Total comprehensive income for the year	-	-	-	24,758	24,758
Dividends	-	-	-	(9,930)	(9,930)
At 31 December 2020	327,579	(236)	-	365,905	693,248

Condensed Consolidated Statement of Cash Flows  
For the twelve months ended 31 December 2020 - unaudited

	Twelve months ended 31 December	
	2020	2019
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	31,572	28,115
<b>Adjustments for :</b>		
Accretion of interest	13,195	13,343
Expected credit losses of trade and other receivables	3,727	4,303
Allowance for expected credit losses recovered	(1,988)	(902)
Amortisation of assets transferred from customers	(2,186)	(3,471)
Amortisation of deferred liabilities	(1,595)	(1,595)
Depreciation of property, plant and equipment	62,807	63,153
Depreciation of right-of-use assets	6,764	6,814
Distribution income from investment in short term funds	(1,610)	(5,020)
Gain on disposal of property, plant and equipment	(137)	(96)
Gain on dissolution of a joint venture	-	(159)
Interest income	(1,533)	(907)
Inventories written off	-	2,195
Provision for inventories written down	(13)	-
Property, plant and equipment expensed off	452	1,992
Property, plant and equipment written off	73	114
Realisation of government grant	(1,760)	(2,556)
Unwinding of discount on loans and borrowings	1,760	2,556
<b>Operating profit before working capital changes</b>	<b>109,528</b>	<b>107,879</b>
Inventories	35	294
Receivables	5,766	(3,829)
Payables	1,330	21,716
Contract liabilities	(1,306)	9,129
<b>Cash generated from operations</b>	<b>115,353</b>	<b>135,189</b>
Income tax paid	(1,259)	(2,874)
Income tax refunded	-	5,896
<b>Net cash from operating activities</b>	<b>114,094</b>	<b>138,211</b>
<b>Cash flows from investing activities</b>		
Interest received	1,533	907
Distribution income received	1,610	5,020
Proceeds from disposal of PPE	137	107
Purchase of PPE	(97,124)	(98,317)
<b>Net cash used in investing activities</b>	<b>(93,844)</b>	<b>(92,283)</b>
<b>Cash flow from financing activities</b>		
Dividends paid	(11,584)	(11,584)
Payment of lease liabilities	(16,606)	(16,662)
Repayment of government loans	(42,200)	(42,200)
Purchase of treasury shares	-	(1)
<b>Net cash used in financing activities</b>	<b>(70,390)</b>	<b>(70,447)</b>
Net decrease in cash and cash equivalents	(50,140)	(24,519)
Cash and cash equivalents at beginning	157,957	182,476
<b>Cash and cash equivalents at end</b>	<b>107,817</b>	<b>157,957</b>

**Cash and cash equivalents**

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

	Twelve months ended 31 December	
	2020	2019
	RM'000	RM'000
Cash and bank balances	39,473	35,485
Short-term deposits with licensed banks	68,344	122,472
	<b>107,817</b>	<b>157,957</b>

## Notes to the Condensed Consolidated Interim Financial Statements

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

The Condensed Consolidated Interim Financial Statements of the Group as at and for the year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the Group).

The Consolidated Financial Statements of the Group as at and for the year ended 31 December 2019 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 the Board of Directors on 24 February 2021.

### 1. Basis of preparation

These condensed consolidated interim financial statements ("Condensed Report") 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 2019.

### 2. Significant accounting policies

#### 2.1 Adoption of Standards, Amendments to Standards, Annual Improvements to Standards and Issues Committee ("IC") Interpretation

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following new standards with effect from 1 January 2020:

*Amendments to References to the Conceptual Framework in MFRS Standards*  
*Amendments to MFRS 3 Business Combinations: Definition of a Business*  
*Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*  
*Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform*

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group upon adoption.

#### 2.2 Standards issued but not yet effective

As at the date of authorisation of this Condensed Report, the following Standards and Amendments to Standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are 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 January 2021

### *MFRS 17 Insurance Contracts*

Effective for financial periods beginning on or after 1 January 2022

### *Amendments to MFRS 101 Presentation of Financial Statement: Classification of Liabilities as Current or Non-current*

Effective date yet to be confirmed

### *Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

### **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 2019.

### **4. Seasonality of operations**

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

### **5. Property, plant and equipment**

#### **a) Acquisition and disposals**

During the year ended 31 December 2020, the Group acquired assets with a cost of RM97.12 million (31 December 2019 : RM98.32 million).

Other assets with a carrying amount of RM0.07 million were written off during the year ended 31 December 2020 (31 December 2019 : RM0.11 million).

#### **b) Depreciation and amortisation**

	Three months ended		Current year to-date ended	
	31 December 2020 RM'000	31 December 2019 RM'000	31 December 2020 RM'000	31 December 2019 RM'000
Charge for the year				
- Property, plant and equipment	16,225	18,961	62,807	63,153
- Right-of-use assets	1,677	1,705	6,764	6,814
	<u>17,902</u>	<u>20,666</u>	<u>69,571</u>	<u>69,967</u>

## Notes to the Condensed Consolidated Interim Financial Statements

### c) Capital commitments

	At 31 December 2020 RM'000	At 31 December 2019 RM'000
Approved Capital Expenditure:-		
i) Contracted but not provided for	35,000	87,000
ii) Authorised but not contracted for	371,000	183,000

### d) Transfer of assets from customers

During the year ended 31 December 2020, assets transferred from Customers amounted to RM11.63 million (31 December 2019 : RM20.60 million)

### 6. Trade and other receivables

	At 31 December 2020 RM'000	At 31 December 2019 RM'000
<b>Trade</b>		
Trade receivables	30,893	38,299
Less: Allowance for expected credit losses	(8,800)	(8,044)
	<u>22,093</u>	<u>30,255</u>
<b>Non-trade</b>		
Other receivables	8,004	8,618
Less: Allowance for expected credit losses	(3,068)	(2,958)
	4,936	5,660
Deposits	6,460	5,687
Prepayments	920	311
	<u>12,316</u>	<u>11,658</u>
	<u>34,409</u>	<u>41,913</u>

### 7. Total equity

No additional issuance of share capital as at 31 December 2020.

### Treasury shares

During the year ended 31 December 2020, there was no repurchase of issued ordinary shares from the open market (31 December 2019 : 1,000 at an average price of RM1.13 per share).

### 8. Changes in composition of the Group

There are no changes in the composition of the Group for the current quarter and current financial year ended 31 December 2020.

### 9. Operating segments

The Group has only one reportable segment, which is principally engaged in the abstraction of raw water, treatment of water, supply and sale of treated water to consumers in the State of Penang and to engage in water related business. The Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports on the reportable segment on a quarterly basis.

Accordingly, information by operating segment on the Group's operations as required by MFRS 8 is not presented.

## Notes to the Condensed Consolidated Interim Financial Statements

### **10. Significant event**

The World Health Organisation declared the 2019 Novel Coronavirus outbreak (“COVID-19”) a pandemic on 11 March 2020. This was followed by the Federal Government issuing a Gazetted Order known as the Movement Control Order (“MCO”) which was effective for the period from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order (“CMCO”) from 4 May 2020 to 9 June 2020. Subsequently, Recovery Movement Control Order (“RMCO”) was gazetted which was effective for the period from 10 June 2020 to 31 December 2020.

The COVID-19 pandemic has significantly disrupted many business operations and caused uncertainties around the world, including the State of Penang where the Company is operating. The Company will monitor closely the development of the pandemic while taking measures to control costs in order to mitigate the adverse consequences arising from this pandemic.

Based on the assessment and information available at the date of this report, the Company has sufficient working capital to sustain its business operations and to continue its business as a going concern.

### **11. Subsequent event**

On 11 January 2021, the Federal Government issued the Movement Control Order (“MCO 2.0”) which took effect on 13 January 2021 until 4 February 2021. Subsequently, on 16 February 2021, it announced the extension of the MCO 2.0 until 4 March 2021. With the pandemic continuing and amid the high number of cases in the country, uncertainty pervades the economy and business outlook.

The vaccination program for Malaysia is expected to be rolled out by the end of February 2021 but details remain sketchy at this point in time.

### **12. Contingencies**

There are no contingencies for the year under review.

### **13. Related parties**

There are no significant transactions and changes with Government related entities and key management personnel compensation for the year save as disclosed in Note 21 Loans and borrowings.

## Notes to the Condensed Consolidated Interim Financial Statements

**NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS:****Chapter 9, Appendix 9B, Part A.****14. Review of Group performance**

Group revenue for the quarter ended 31 December 2020 increased by RM3.9 million or 4.8% as compared to the corresponding quarter in 2019. The Group registered a profit before tax of RM6.85 million as compared to the preceding year's corresponding quarter loss before tax of RM8.62 million. This is mainly due to a decrease in administrative expenses as compared to the preceding year's corresponding quarter.

	Individual Period 4th quarter		Changes RM'000	Changes %
	Current year Quarter	Preceding Year Corresponding Quarter		
	31/12/2020	31/12/2019		
	RM'000	RM'000		
Revenue	85,324	81,415	3,909	4.8%
Operating Profit / (loss)	6,119	(9,805)	15,924	>100%
Profit / (loss) before interest and tax	6,865	(8,595)	15,460	>100%
Profit / (loss) before tax	6,850	(8,615)	15,465	>100%
Profit / (loss) after tax	911	(12,406)	13,317	>100%
Profit / (loss) attributable to ordinary equity holders of the parent	911	(12,406)	13,317	>100%
Total comprehensive profit / (loss) for the year	911	(12,406)	13,317	>100%

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

Group revenue increased from RM83.8 million to RM85.3 million as compared to the immediate preceding quarter. The Group registered a profit before tax of RM6.9 million as compared to the immediate preceding quarter of RM11.9 million primarily due to the increase in administrative expenses in the current quarter.

	Individual Period 4th quarter		Changes RM'000	Changes %
	Current Quarter	Immediate Preceding Quarter		
	31/12/2020	30/9/2020		
	RM'000	RM'000		
Revenue	85,324	83,760	1,564	1.9%
Operating profit	6,119	11,643	(5,524)	-47.4%
Profit before interest and tax	6,865	11,883	(5,018)	-42.2%
Profit before tax	6,850	11,874	(5,024)	-42.3%
Profit after tax	911	11,305	(10,394)	-91.9%
Profit attributable to ordinary equity holders of the parent	911	11,305	(10,394)	-91.9%
Total comprehensive profit for the year	911	11,305	(10,394)	-91.9%

## Notes to the Condensed Consolidated Interim Financial Statements

**16. Current year prospects**

The imposition of Movement Control Order (“MCO”) / Conditional Movement Control Order (“CMCO”) / Recovery Movement Control Order (“RMCO”) will impact business levels and consumption patterns adversely. Domestic consumption, which is highly subsidised is expected to increase continuously, while trade consumption which cross-subsidises domestic consumers, will decline.

**17. Profit forecast or profit guarantee**

Not applicable.

**18. Revenue**

Timing of revenue recognition by point in time and over time are as follows:

	Three months ended 31 December			Current year to-date ended 31 December		
	2020 RM'000	2019 RM'000	Changes %	2020 RM'000	2019 RM'000	Changes %
Sale of water	71,089	79,092	-10%	299,335	313,447	-5%
Capital contribution funds	13,435	1,450	>100%	33,366	21,947	52%
Others	800	873	-8%	3,602	4,807	-25%
	<u>85,324</u>	<u>81,415</u>	<u>5%</u>	<u>336,303</u>	<u>340,201</u>	<u>-1%</u>
Timing of revenue recognition:						
- At a point in time	84,808	80,963	5%	334,117	336,730	-1%
- Over time	516	452	14%	2,186	3,471	-37%
	<u>85,324</u>	<u>81,415</u>	<u>5%</u>	<u>336,303</u>	<u>340,201</u>	<u>-1%</u>

**19. Income tax expense**

	Three months ended 31 December		Current year to-date ended 31 December	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current income tax</b>				
Current year	(361)	(211)	515	1,229
Under provision in prior year	300	2	299	733
	<u>(61)</u>	<u>(209)</u>	<u>814</u>	<u>1,962</u>
<b>Deferred Tax</b>				
Origination and reversal of temporary differences	6,000	4,000	6,000	1,000
Income tax expense continuing operations	<u>5,939</u>	<u>3,791</u>	<u>6,814</u>	<u>2,962</u>

## Notes to the Condensed Consolidated Interim Financial Statements

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

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:

	<b>31 December 2020</b> <b>RM'000</b>
Profit before taxation	31,572
Taxation at Malaysian statutory tax rate of 24%	7,577
Expenses not deductible for tax purposes	2,232
Income not subject to tax	(2,011)
Current year reinvestment allowance	(1,283)
Under provision in prior year	299
Tax expense for the year	6,814

Unabsorbed reinvestment allowance can be carried forward for seven consecutive years of assessment immediately following the gazettment of the Finance Act 2018. Based on existing legislation, as at 31 December 2020, it is anticipated that only RM11 million out of the RM690 million (31 December 2019 : RM10.0 million out of RM609 million) available will be utilised to set-off against future taxable profits in the next five years (2019: six years).

### 20. Corporate proposals

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

### 21. Loans and borrowings

- i) The unsecured and interest free term loan was obtained from the Federal Government via the State Government of Penang to finance Non Revenue Water (NRW) projects :
- a) RM20 million : repayable over 20 years period with effect from 11 September 2016
  - b) RM24 million : repayable over 20 years period with effect from 10 December 2018

The subsidiary company has fully drawdown RM20 million from the 1<sup>st</sup> term loan agreement and RM24 million from the 2<sup>nd</sup> term loan agreement.

- ii) On 1 June 2016, the subsidiary of the Company obtained a loan from the State Government amounting to RM80 million to finance capital expenditure projects. The loan is unsecured with 4.0% interest p.a.. The subsidiary has fully drawdown RM80 million. The loan is repayable over a 10 year period with effect from 3 May 2020.

In 2019, the subsidiary of the Company had made an early repayment of RM40 million to the State Government as partial settlement. On 24 April 2020, the subsidiary of the Company made early settlement of the remaining RM40 million in 4 bi-monthly instalments of RM10 million per instalment beginning from May 2020 until November 2020.

As at 31 December 2020, the RM80 million loan was fully settled.

## Notes to the Condensed Consolidated Interim Financial Statements

	At 31 December 2020 RM'000	At 31 December 2019 RM'000
<b>Unsecured</b>		
<b>i) Loan from Federal Government via the State Government of Penang</b>		
Nominal value of loans	38,200	40,400
Less: Deemed interest recognised as government grant	(14,025)	(15,401)
Add: Amortised interest	1,329	1,375
Less: Repayment	(2,200)	(2,200)
	23,304	24,174
<b>ii) Loan from State Government of Penang</b>		
Nominal value of loans	40,000	80,000
Less: Deemed interest recognised as government grant	(3,126)	(27,557)
Add: Amortised interest	430	1,181
Realisation upon repayment	2,696	23,250
Less: Repayment	(40,000)	(40,000)
	-	36,874
	23,304	61,048
Analysed as:		
Non-current	21,104	55,485
Current	2,200	5,563
	23,304	61,048

**22. Deferred income**

	At 31 December 2020 RM'000	At 31 December 2019 RM'000
<b>Government grant</b>		
Balance at beginning	17,152	42,958
Transfer from loans and borrowings	(2,696)	(23,250)
Less : Amortisation	(1,760)	(2,556)
	12,696	17,152

Government grant represents the difference between the nominal value of the loans obtained as mentioned in Note 21 and the fair value of the loans measured on initial recognition. The government grant is realised over the period from the initial loan drawdown date up to the maturity date of the loans. There are two types of term loans taken by the Company, i.e.

- (i) RM44 million interest-free loans from the Federal Government via the State Government of Penang to finance Non-Revenue Water projects, and
- (ii) RM80 million interest bearing loan at 4% p.a. from the State Government of Penang to finance the Company's capital expenditure projects.

## Notes to the Condensed Consolidated Interim Financial Statements

**23. Contract liabilities**

	<b>At 31 December 2020 RM'000</b>	<b>At 31 December 2019 RM'000</b>
<b>Capital contribution funds ("CCF")</b>		
Balance at beginning	30,093	20,964
Additions during the year	32,060	31,076
Less : Recognised in revenue	(33,366)	(21,947)
	<u>28,787</u>	<u>30,093</u>
<b>Transfer of assets from customers</b>		
Balance at beginning	86,626	69,501
Additions during the year	11,634	20,596
Less : Amortisation	(2,186)	(3,471)
	<u>96,074</u>	<u>86,626</u>
	<b><u>124,861</u></b>	<b><u>116,719</u></b>
Analysed as:		
Non-current	93,978	84,759
Current	30,883	31,960
	<u>124,861</u>	<u>116,719</u>

The contract liabilities from Capital Contribution Funds (CCF) and transfer of assets from customers consist of the fair value of the assets transferred to a subsidiary company. The contract liabilities are amortised over the useful life of the CCF and transferred assets.

**24. Deferred liabilities**

	<b>At 31 December 2020 RM'000</b>	<b>At 31 December 2019 RM'000</b>
Non-current	55,171	56,766
Current	1,595	1,595
	<u>56,766</u>	<u>58,361</u>

Pursuant to migration of the Penang State Water Assets and the loans to Pengurusan Aset Air Berhad ("PAAB") in the financial year 2011, the Company had entered into Facility and Lease Agreements ("FLA") with PAAB to enable water supply services to be carried out on the lands leased from PAAB. The FLA is effective for a period of 45 years from 1 August 2011.

Following the above events, the outstanding balance of the loans obtained from the Federal Government via the State Government of Penang was converted into lease incentives, classified under deferred liabilities and are amortised over the lease period of 45 years with effect from 1 August 2011.

Notes to the Condensed Consolidated Interim Financial Statements

**25. Lease liabilities**

	<b>At 31 December 2020 RM'000</b>	<b>At 31 December 2019 RM'000</b>
<b>Lease liabilities</b>		
Balance at beginning	231,597	234,916
Additions during the year	871	-
Accretion of interest	13,194	13,343
Payments	(16,606)	(16,662)
	<u>229,056</u>	<u>231,597</u>
Analysed as:		
Non-current	225,554	228,406
Current	3,502	3,191
	<u>229,056</u>	<u>231,597</u>

**26. Material litigation**

As at 24 February 2021, there was no material litigation against the Group.

**27. Dividends**

The Board of Directors recommend a single tier final dividend of 1.00 sen per share amounting to RM3,310,000 for the financial year ended 31 December 2020 subject to the approval of shareholders at the forthcoming Annual General Meeting (31 December 2019 – single tier final dividend of 1.75 sen per share amounting to RM5,792,000).

## Notes to the Condensed Consolidated Interim Financial Statements

**28. Earnings per ordinary share**

	<b>Three months ended 31 December 2020 Continuing operations RM'000</b>	<b>Three months ended 31 December 2019 Continuing operations RM'000</b>	<b>Current year to-date 31 December 2020 Continuing operations RM'000</b>	<b>Current year to-date 31 December 2019 Continuing operations RM'000</b>
Profit for the year	<u>911</u>	<u>(12,406)</u>	<u>24,758</u>	<u>25,153</u>
	<b>Three months ended 31 December 2020 '000 Shares</b>	<b>Three months ended 31 December 2019 '000 Shares</b>	<b>Current year to-date 31 December 2020 '000 Shares</b>	<b>Current year to-date 31 December 2019 '000 Shares</b>
Issued ordinary shares at 1 January	331,271	331,271	331,271	331,271
Effect of share buyback	<u>(273)</u>	<u>(273)</u>	<u>(273)</u>	<u>(273)</u>
Weighted average number of ordinary shares	<u>330,998</u>	<u>330,998</u>	<u>330,998</u>	<u>330,998</u>
	<b>Three months ended 31 December 2020 Continuing operations Sen</b>	<b>Three months ended 31 December 2019 Continuing operations Sen</b>	<b>Current year to-date 31 December 2020 Continuing operations Sen</b>	<b>Current year to-date 31 December 2019 Continuing operations Sen</b>
Earnings per share	<u>0.28</u>	<u>(3.75)</u>	<u>7.48</u>	<u>7.60</u>

## Notes to the Condensed Consolidated Interim Financial Statements

### 29. Auditor's report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the year ended 31 December 2019 was not qualified.

### 30. Notes to the Condensed Statement of Comprehensive Income

	Three months ended 31 December 2020 RM'000	Year to-date 31 December 2020 RM'000
a) Other Operating Income	(4,203)	(13,948)
b) Interest Income	(746)	(2,165)
c) Interest expense	15	28
d) Depreciation	17,902	69,571
e) Expected credit loss on trade and other receivables	1,491	3,727