

**PRIVATE & CONFIDENTIAL**

**PBA HOLDINGS BHD**

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

**Interim Financial Report**

**30 September 2023**

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Condensed Consolidated Statement of Financial Position  
As at 30 September 2023 - unaudited

	Note	30 September 2023 RM'000	31 December 2022 RM'000
<b>Assets</b>			
Property, plant and equipment	5	1,087,089	1,064,984
Right-of-use assets		146,593	149,551
<b>Total non-current assets</b>		<b>1,233,682</b>	<b>1,214,535</b>
Inventories		8,756	9,751
Trade and other receivables	6	52,443	59,987
Current tax assets		857	526
Cash and cash equivalents		213,036	188,985
<b>Total current assets</b>		<b>275,092</b>	<b>259,249</b>
<b>Total assets</b>		<b>1,508,774</b>	<b>1,473,784</b>
<b>Equity</b>			
Share capital		327,579	327,579
Reserves		626,062	584,592
<b>Total equity</b>	7	<b>953,641</b>	<b>912,171</b>
Loans and borrowings	20	17,900	20,395
Deferred income	21	9,300	10,183
Lease liabilities	23	216,604	219,116
Deferred tax liabilities		103,000	99,000
<b>Total non-current liabilities</b>		<b>346,804</b>	<b>348,694</b>
Trade and other payables		167,069	183,553
Loans and borrowings	20	2,200	1,022
Contract liabilities	22	34,720	24,540
Lease liabilities	23	4,340	3,780
Current tax liabilities		-	24
<b>Total current liabilities</b>		<b>208,329</b>	<b>212,919</b>
<b>Total liabilities</b>		<b>555,133</b>	<b>561,613</b>
<b>Total equity and liabilities</b>		<b>1,508,774</b>	<b>1,473,784</b>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income  
**For the nine months ended 30 September 2023 - unaudited**

	Note	Three months ended 30 September		Current year-to-date ended 30 September	
		2023 RM'000	2022 RM'000 Restated	2023 RM'000	2022 RM'000 Restated
<b>Continuing operations</b>					
Revenue	17	114,310	90,739	316,148	263,090
Cost of sales		<u>(62,808)</u>	<u>(59,805)</u>	<u>(197,408)</u>	<u>(174,043)</u>
<b>Gross profit</b>		<u>51,502</u>	<u>30,934</u>	<u>118,740</u>	<u>89,047</u>
Other operating income		4,515	3,661	11,765	21,869
Administrative expenses		<u>(27,268)</u>	<u>(24,555)</u>	<u>(77,267)</u>	<u>(72,169)</u>
<b>Operating profit</b>		<u>28,749</u>	<u>10,040</u>	<u>53,238</u>	<u>38,747</u>
Interest income		<u>399</u>	<u>273</u>	<u>1,101</u>	<u>724</u>
<b>Profit before tax</b>		<u>29,148</u>	<u>10,313</u>	<u>54,339</u>	<u>39,471</u>
Tax income/(expense)	18	<u>7,608</u>	<u>34,710</u>	<u>(7,903)</u>	<u>32,848</u>
<b>Net profit, representing total comprehensive income for the period</b>		<u><u>36,756</u></u>	<u><u>45,023</u></u>	<u><u>46,436</u></u>	<u><u>72,319</u></u>
<b>Earnings per share (sen) :</b>	26	<u>11.10</u>	<u>13.60</u>	<u>14.03</u>	<u>21.85</u>

Condensed Consolidated Statement of Changes in Equity  
**For the nine months ended 30 September 2023 - unaudited**

	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
At 1 January 2022 (restated)	327,579	(236)	515,988	843,331
Total comprehensive income for the period, as restated	-	-	72,319	72,319
At 30 September 2022 (restated)	<u>327,579</u>	<u>(236)</u>	<u>588,307</u>	<u>915,650</u>
At 1 January 2023	327,579	(237)	584,829	912,171
Total comprehensive income for the period	-	-	46,436	46,436
Dividends	-	-	(4,965)	(4,965)
Purchase of treasury shares	-	(1)	-	(1)
At 30 September 2023	<u>327,579</u>	<u>(238)</u>	<u>626,300</u>	<u>953,641</u>

Condensed Consolidated Statement of Cash Flows  
For the nine months ended 30 September 2023 - unaudited

	Nine months ended 30 September	
	2023	2022
	RM'000	RM'000 Restated
<b>Cash flows from operating activities</b>		
Profit before tax	54,339	39,471
<b>Adjustments for :</b>		
Finance Cost	10,408	10,572
Revenue recognised for assets transferred from customers	(9,615)	(9,624)
Amortisation of deferred income	(883)	(923)
Distribution income from investment in short term funds	(2,309)	(951)
Gain on disposal of property, plant and equipment	(127)	(10,041)
Interest income	(1,101)	(724)
Property, plant and equipment:		
- Depreciation	46,066	46,530
- Written off	237	96
Depreciation of right-of-use assets	4,076	4,065
<b>Operating profit before working capital changes</b>	101,091	78,471
Inventories	994	(1,493)
Receivables	7,543	14,840
Payables	(11,518)	(14,295)
Contract liabilities	10,181	2,756
<b>Cash generated from operations</b>	108,291	80,279
Income tax paid	(4,431)	(1,696)
Income tax refunded	581	615
<b>Net cash from operating activities</b>	104,441	79,198
<b>Cash flows from investing activities</b>		
Interest received	1,101	724
Distribution income received	1,901	951
Proceeds from disposal of PPE	127	10,044
Purchase of PPE	(58,796)	(24,632)
<b>Net cash used in investing activities</b>	(55,667)	(12,913)
<b>Cash flow from financing activities</b>		
Dividends paid	(9,930)	(7,449)
Payment of lease liabilities	(12,593)	(12,576)
Repayment of government loans	(2,200)	(2,200)
<b>Net cash used in financing activities</b>	(24,723)	(22,225)
Net increase in cash and cash equivalents	24,051	44,060
Cash and cash equivalents at beginning of financial period	188,985	141,243
<b>Cash and cash equivalents at end of financial period</b>	213,036	185,303

**Cash and cash equivalents**

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

	Nine months ended 30 September	
	2023	2022
	RM'000	RM'000
Cash and bank balances	66,673	53,173
Short-term deposits with licensed banks	146,363	132,130
	213,036	185,303

## 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 period ended 30 September 2023 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 2022 are available upon request from the Company's registered office at:

Level 32, Komtar  
10000 Penang

These Condensed Consolidated Interim Financial Statements were authorised for issue by the Board of Directors on 7 November 2023.

### 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.

### 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 2022, except for the adoption of the following new standards:

Effective for financial periods beginning on or after 1 January 2023

*MFRS 17 Insurance Contracts*

*Amendments to MFRS 17 Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*

*Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies*

*Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

*Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

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 2024

*Amendment to MFRS 16 Leases – Lease Liability in a Sale and Leaseback*

*Amendment to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

*Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 2022.

### 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 period ended 30 September 2023, the Group acquired assets with a cost of RM58.80 million (30 September 2022: RM24.63 million).

Other assets with a carrying amount of RM0.24 million were written off during the period ended 30 September 2023 (30 September 2022: RM0.10 million).

#### b) Depreciation and amortisation

	Three months ended		Current year to-date ended	
	30 September 2023 RM'000	30 September 2022 RM'000	30 September 2023 RM'000	30 September 2022 RM'000
Charge for the period				
- Property, plant and equipment	14,863	15,945	46,066	46,530
- Right-of-use assets	1,367	1,356	4,076	4,065
	<u>16,230</u>	<u>17,301</u>	<u>50,142</u>	<u>50,595</u>



## Notes to the Condensed Consolidated Interim Financial Statements

**c) Capital commitments**

	At 30 September 2023 RM'000	At 31 December 2022 RM'000
Approved Capital Expenditure:-		
i) Contracted but not provided for	107,000	70,000
ii) Authorised but not contracted for	437,000	263,000

**d) Transfer of assets from customers**

During the period ended 30 September 2023, assets transferred from customers amounted to RM9.62 million (30 September 2022: RM9.62 million)

**6. Trade and other receivables**

	At 30 September 2023 RM'000	At 31 December 2022 RM'000
<b>Trade</b>		
Trade receivables	51,286	55,275
Less: Allowance for expected credit lossess	(12,262)	(10,107)
	<u>39,024</u>	<u>45,168</u>
<b>Non-trade</b>		
Other receivables	7,719	9,322
Less: Allowance for expected credit lossess	(3,131)	(3,096)
	4,588	6,226
Deposits	6,785	7,335
Prepayments	2,046	1,258
	<u>13,419</u>	<u>14,819</u>
	<u>52,443</u>	<u>59,987</u>

**7. Total equity**

No additional issuance of share capital as at 30 September 2023.

**Treasury shares**

During the period ended 30 September 2023, the Company repurchased 1,000 of its ordinary shares from the open market at an average price of RM0.81 per share (30 September 2022: 1,000 at an average price of RM0.81). The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

**8. Changes in composition of the Group**

There are no changes in the composition of the Group for the current quarter and current financial period to-date ended 30 September 2023.

## Notes to the Condensed Consolidated Interim Financial Statements

### **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.

### **10. Subsequent event**

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

### **11. Contingencies**

There are no contingencies for the period under review.

### **12. Related parties**

There are no significant transactions with and changes in Government related entities and key management personnel compensation for the period save as disclosed in Note 20 Loans and borrowings.

## Notes to the Condensed Consolidated Interim Financial Statements

**NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS:  
Chapter 9, Appendix 9B, Part A.****13. Review of Group performance**

Group revenue for the quarter ended 30 September 2023 increased by RM23.57 million or 26.0% as compared to the corresponding quarter in 2022. The Group registered a profit before tax of RM29.15 million as compared to the preceding year's corresponding quarter of RM10.31 million. This is mainly due to increased water tariffs for non-domestic and special categories from 1 January 2023.

	Individual Period 3rd quarter		Changes RM'000	Changes %
	Current Year Quarter	Preceding Year Corresponding Quarter		
	30/9/2023	30/9/2022		
	RM'000	RM'000		
Revenue	114,310	90,739	23,571	26.0%
Operating Profit	28,749	10,040	18,709	>100%
Profit before tax	29,148	10,313	18,835	>100%
Profit after tax	36,756	45,023	(8,267)	-18.4%
Profit attributable to ordinary equity holders of the parent	36,756	45,023	(8,267)	-18.4%
Total comprehensive profit for the period	36,756	45,023	(8,267)	-18.4%

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

Group revenue increased from RM104.44 million to RM114.31 million as compared to the immediate preceding quarter. The Group registered a profit before tax of RM29.15 million as compared to the immediate preceding quarter of RM11.55 million, primarily due to lower energy costs due to the waiver of ICPT charges by TNB for Water Operators for the second half of the year.

	Individual Period 3rd quarter		Changes RM'000	Changes %
	Current Quarter	Immediate Preceding Quarter		
	30/9/2023	30/6/2023		
	RM'000	RM'000		
Revenue	114,310	104,444	9,866	9.4%
Operating Profit	28,749	11,172	17,578	>100%
Profit before tax	29,148	11,547	17,602	>100%
Profit/ (loss) after tax	36,756	(3,288)	40,045	>100%
Profit/ (loss) attributable to ordinary equity holders of the parent	36,756	(3,288)	40,045	>100%
Total comprehensive profit/(loss) for the period	36,756	(3,288)	40,045	>100%

**15. Current year prospects**

Revenue from sales of water is expected to increase further in line with the new tariff implementation on 1 January 2023.

## Notes to the Condensed Consolidated Interim Financial Statements

**16. Profit forecast or profit guarantee**

Not applicable.

**17. Revenue**

Timing of revenue recognition at point in time are as follows :

	Three months ended 30 September			Current year to-date ended 30 September		
	2023	2022	Changes %	2023	2022	Changes %
	RM'000	RM'000 Restated		RM'000	RM'000 Restated	
Sale of water	92,959	77,947	19%	282,445	233,944	21%
Capital contribution funds	14,333	11,842	21%	23,051	24,869	-7%
Others	7,018	950	639%	10,652	4,277	149%
	<u>114,310</u>	<u>90,739</u>	<u>26%</u>	<u>316,148</u>	<u>263,090</u>	<u>20%</u>

**18. Income tax expense**

	Three months ended 30 September		Current year to-date ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Malaysia income tax</b>				
Current year	2,675	276	4,186	639
(Over)/under provision in prior year	(283)	14	(283)	14
Real property gains tax	-	-	-	999
	<u>2,392</u>	<u>290</u>	<u>3,903</u>	<u>1,652</u>
<b>Deferred Tax</b>				
Origination and reversal of temporary differences	(10,000)	(35,000)	4,000	(34,500)
	<u>(10,000)</u>	<u>(35,000)</u>	<u>4,000</u>	<u>(34,500)</u>
Tax (income)/expense	<u>(7,608)</u>	<u>(34,710)</u>	<u>7,903</u>	<u>(32,848)</u>

Income tax expense is recognised 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.

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 period to-date is as follows:

## Notes to the Condensed Consolidated Interim Financial Statements

	<b>30 September 2023</b> <b>RM'000</b>
Profit before taxation	54,339
Taxation at Malaysian statutory tax rate of 24%	(13,041)
Income not subject to tax	2,820
Expenses not deductible for tax purposes	(1,461)
Effect of deferred tax assets not recognised	3,671
Overprovision in prior year	108
Tax expense for the period	(7,903)

With effect from YA 2019, any unutilised Reinvestment Allowance (RA) can only be carried forward for a maximum period of 7 consecutive YAs after the expiry of the qualifying period of RA. The unutilised RA for YA 2018 and prior YAs arising from a qualifying period which has expired as at YA 2018 can be carried forward until YA 2025. In addition, the unutilised RA arising during the special RA period is allowed to be carried forward for 7 consecutive YAs from YA 2025 until YA 2031.

Based on existing legislation, as at 30 September 2023, it is anticipated that RM275 million out of the RM698 million (30 September 2022 : RM244 million out of RM698 million) available will be utilised to set-off against future taxable profits.

### 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

- 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.

## Notes to the Condensed Consolidated Interim Financial Statements

	At 30 September 2023 RM'000	At 31 December 2022 RM'000
<b>Unsecured</b>		
<b>Loan from Federal Government via the State Government of Penang</b>		
Nominal value of loans	31,600	33,800
Less: Deemed interest recognised as government grant	(10,183)	(11,414)
Add: Amortised interest	883	1,231
Less: Repayment	(2,200)	(2,200)
	20,100	21,417
Analysed as:		
Non-current	17,900	20,395
Current	2,200	1,022
	20,100	21,417

**21. Deferred income**

	At 30 September 2023 RM'000	At 31 December 2022 RM'000
<b>Government grant</b>		
Balance at beginning	10,183	11,414
Less : Amortisation	(883)	(1,231)
	9,300	10,183

Government grant represents the difference between the nominal value of the loans obtained as mentioned in Note 20 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.

**22. Contract liabilities**

	At 30 September 2023 RM'000	At 31 December 2022 RM'000
<b>Capital contribution funds ("CCF")</b>		
Balance at beginning	24,540	19,250
Additions during the period	33,230	29,067
Less : Recognised in revenue	(23,050)	(23,777)
	34,720	24,540

The contract liabilities from Capital Contribution Funds (CCF) is where Developers/owners requesting to be connected to the public mains may be charged CCF by the Group. CCF received is recognised as revenue in the income statement when the connection to the public mains takes place.

Notes to the Condensed Consolidated Interim Financial Statements

**23. Lease liabilities**

	<b>At 30 September 2023 RM'000</b>	<b>At 31 December 2022 RM'000</b>
<b>Lease liabilities</b>		
Balance at beginning	222,896	225,802
Additions during the period	1,116	996
Accretion of interest	9,525	12,866
Payments	(12,593)	(16,768)
	<u>220,944</u>	<u>222,896</u>
Analysed as:		
Non-current	216,604	219,116
Current	4,340	3,780
	<u>220,944</u>	<u>222,896</u>

**24. Material litigation**

As at 7 November 2023, there was no material litigation against the Group.

**25. Dividends**

The Board of Directors has declared a single tier interim dividend of 1.75 sen per share amounting to RM5,792,000 for the financial year ending 31 December 2023 (30 September 2022- single tier interim dividend of 1.50 sen per share amounting to RM4,965,000).

Notes to the Condensed Consolidated Interim Financial Statements

**26. Earnings per ordinary share**

	<b>Three months ended 30 September 2023 Continuing operations RM'000</b>	<b>Three months ended 30 September 2022 Continuing operations RM'000</b>	<b>Current year to-date 30 September 2023 Continuing operations RM'000</b>	<b>Current year to-date 30 September 2022 Continuing operations RM'000</b>
Profit for the period	36,756	45,023	46,436	72,319
	<b>Three months ended 30 September 2023 '000 Shares</b>	<b>Three months ended 30 September 2022 '000 Shares</b>	<b>Current year to-date 30 September 2023 '000 Shares</b>	<b>Current year to-date 30 September 2022 '000 Shares</b>
Issued ordinary shares at 1 January	331,271	331,271	331,271	331,271
Effect of share buyback	(275)	(274)	(275)	(274)
Weighted average number of ordinary shares	330,996	330,997	330,996	330,997
	<b>Three months ended 30 September 2023 Sen</b>	<b>Three months ended 30 September 2022 Sen</b>	<b>Current year to-date 30 September 2023 Sen</b>	<b>Current year to-date 30 September 2022 Sen</b>
Earnings per share	11.10	13.60	14.03	21.85



## Notes to the Condensed Consolidated Interim Financial Statements

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

The auditor's report on the audited annual financial statements for the year ended 31 December 2022 was not qualified.

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

	Three months ended 30 September 2023 RM'000	Year to-date 30 September 2023 RM'000
a) Other Operating Income	(4,515)	(11,765)
b) Interest Income	(399)	(1,101)
c) Interest expense on lease liabilities	3,472	10,408
d) Depreciation of property, plant and equipment	14,863	46,066
e) Depreciation of right-of-use assets	1,367	4,076