

TALIWORKS CORPORATION BERHAD
(Company No 196501000264 (6052-V))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2023
(UNAUDITED)

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This Report is authorised by the Board for public release on 22 November 2023

KEY FINANCIAL HIGHLIGHTS

<i>(in RM'000 unless specified otherwise)</i>	<u>9 months ended 30 Sep</u>		<u>Variance</u>
	<u>2023</u>	<u>2022</u>	(%)
	unaudited	unaudited	#
Revenue	273,295	251,857	↑ 9
Gross profit	93,535	96,637	↓ 3
Profit before taxation (“PBT”)	52,435	56,825	↓ 8
Profit for the period	40,147	39,257	↑ 2
Earnings per share (“EPS”) (sen)	1.76	1.69	↑ 4
Dividends per share (sen)	4.95	4.95	-

approximate, to the nearest digit

- The Group achieved a revenue of RM273.30 million, a 9% increase or RM21.44 million compared to the corresponding period revenue of RM251.86 million. This notable increase was attributable to higher contribution from all operating subsidiaries, except from the construction segment.
- The increase in revenue in the water treatment and supply segment was primarily attributed to the increase in electricity rebates in the Sungai Selangor Water Treatment Plant Phase 1 (“SSP1”) operations. The higher electricity rebate is due to an increase in the Imbalance Cost Pass-Through (“ICPT”) surcharge imposed by Tenaga Nasional Berhad (“TNB”) from RM0.037/kWh to RM0.20/kWh effective 1 January 2023 to 30 June 2023. As of 1 July 2023, the ICPT surcharge was reduced from RM0.20/kWh to RM0.037/kWh. As a comparison, the ICPT for the corresponding period was RM0.037/kWh. Despite the increase in the Bulk Water Supply Rate from RM0.41/m³ to RM0.42/m³ on 1 January 2023 (“BWSR Increase”) as provided under the Bulk Water Supply Agreement with Pengurusan Air Selangor Sdn. Bhd. (“Air Selangor”), revenue from metered sales was lower due to a reduction in the metered sales by 2.5% in the current financial period.
- The growth in the revenue of the Group was also contributed by strong performances from the toll highway segment in tandem with the higher Average Daily Traffic (“ADT”) as well as from the renewable energy segment from higher sales of electricity generated by solar photovoltaic plants for a period of nine (9) months compared to approximately six (6) months in the corresponding period as the acquisition of the solar renewable energy project was only completed in April 2022.
- Despite the higher revenue, the Group reported a 3% decrease in gross profit or by RM3.10 million, mainly due to higher repair and maintenance, amortisation of intangible assets, coupled with write-back of over-provision for heavy repairs recognised in the corresponding period arising from the deferment of major heavy repairs scheduled in year 2023 to 2024 in the toll highway segment.
- In line with the lower gross profit, PBT was also lower at RM52.44 million compared to RM56.83 million in the corresponding period and some of the other contributing factors include higher share of losses of associates and lower interest income, dividend and net gain on redemption from investments designated at fair value through profit or loss (“FVTPL”) in the current period. However, the lower PBT was mitigated by amongst others, higher share of profits from a jointly controlled entity, a one-off gain from the disposal of an investment property, net gain on foreign exchange and an increase in the fair value gain in the current period.
- On the other hand, the profit for the period was higher by RM0.89 million or 2%, primarily from a lower tax expense in the current period due to overprovision of deferred tax in the prior year.
- EPS increased by 4%, reflecting higher profit attributable to shareholders of the Company.
- The Board is pleased to declare a third interim single-tier dividend of 1.65 sen per share amounting to approximately RM33.26 million in respect of the financial year ending 31 December 2023 to be payable on 22 December 2023.

CONDENSED STATEMENTS OF FINANCIAL POSITION

		30 Sep 2023	31 Dec 2022
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
ASSETS			
Property, plant and equipment		123,808	132,047
Right-of-use assets		32,913	35,750
Investment properties		97	99
Intangible assets		963,953	988,040
Investment in joint venture		75,450	73,783
Investment in associates		113,634	129,343
Other investment		200	200
Goodwill on consolidation		132,503	132,503
Long-term other receivable		15,561	15,561
Deferred tax assets		7,153	6,228
Deposits, cash and bank balances	B13	47,405	47,517
Total Non-Current Assets		1,512,677	1,561,071
Inventories		42,314	20,914
Trade receivables		60,724	74,758
Other receivables, deposits and prepayments		23,303	17,924
Tax recoverable		1,541	9,355
Investments designated at fair value through profit or loss	B13	63,631	120,740
Deposits, cash and bank balances	B13	57,795	48,854
		249,308	292,545
Assets held-for-sale	B12	-	694
Total Current Assets		249,308	293,239
TOTAL ASSETS		1,761,985	1,854,310
EQUITY AND LIABILITIES			
Share capital		438,354	438,354
Merger deficit		(71,500)	(71,500)
Currency translation reserve		(772)	(217)
Retained earnings		356,376	420,755
Total Equity Attributable to Owners of the Company		722,458	787,392
Non-controlling interests		265,202	260,459
Total Equity		987,660	1,047,851
LIABILITIES			
Long-term borrowings	B7	269,138	298,907
Lease liabilities		32,930	33,391
Long-term trade payables		150	1,050
Provisions		38,365	34,253
Deferred income		66,718	63,278
Deferred tax liabilities		241,178	248,139
Total Non-Current Liabilities		648,479	679,018

CONDENSED STATEMENTS OF FINANCIAL POSITION

		<u>30 Sep 2023</u>	<u>31 Dec 2022</u>
		<u>RM'000</u>	<u>RM'000</u>
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES			
Trade payables		30,299	23,882
Amount due to contract customers		35,927	13,772
Other payables and accruals		22,945	37,176
Provisions		93	93
Short-term borrowings	B7	30,000	30,000
Lease liabilities		1,251	2,738
Deferred income		3,627	14,389
Tax liabilities		1,704	5,391
Total Current Liabilities		125,846	127,441
TOTAL LIABILITIES		774,325	806,459
TOTAL EQUITY AND LIABILITIES		1,761,985	1,854,310

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	<u>3 Months ended</u>		<u>9 Months ended</u>	
		<u>30 Sep</u>		<u>30 Sep</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
		<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
Revenue	A4, B1	90,735	91,278	273,295	251,857
Cost of operations		(59,786)	(54,504)	(179,760)	(155,220)
Gross profit		30,949	36,774	93,535	96,637
Other operating income		1,746	2,082	8,791	7,588
Administrative and other expenses		(8,974)	(7,680)	(26,991)	(23,810)
Operating profit		23,721	31,176	75,335	80,415
Finance costs		(4,368)	(4,547)	(13,097)	(13,518)
Share of results of joint venture		4,303	656	5,042	1,720
Share of results of associates		(5,513)	(5,267)	(14,845)	(11,792)
Profit before tax	B4	18,143	22,018	52,435	56,825
Income tax expense	B5	(3,110)	(6,623)	(12,288)	(17,568)
Profit for the financial period		15,033	15,395	40,147	39,257
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		(59)	(222)	(555)	(374)
Total comprehensive income for the financial period		14,974	15,173	39,592	38,883
Profit for the financial period attributable to:					
Owners of the Company		13,543	12,507	35,404	34,139
Non-controlling interests		1,490	2,888	4,743	5,118
		15,033	15,395	40,147	39,257

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	<u>3 Months ended</u>		<u>9 Months ended</u>	
		<u>30 Sep</u>		<u>30 Sep</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
		<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
Total comprehensive income for the financial period attributable to:					
Owners of the Company		13,484	12,285	34,849	33,765
Non-controlling interests		1,490	2,888	4,743	5,118
		14,974	15,173	39,592	38,883
Basic and diluted earnings per share attributable to owners of the Company					
(sen per share)	B10	0.68	0.62	1.76	1.69

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CHANGES IN EQUITY

<u>Note</u>	<u>Attributable to Owners of the Company</u>					<u>Non-controlling interests</u>	<u>Total Equity</u>
	<u>Share capital</u>	<u>Merger deficit</u>	<u>Currency translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 January 2023	438,354	(71,500)	(217)	420,755	787,392	260,459	1,047,851
Profit for the financial period	-	-	-	35,404	35,404	4,743	40,147
Other Comprehensive Income:							
Currency translation differences	-	-	(555)	-	(555)	-	(555)
Total comprehensive income for the financial period	-	-	(555)	35,404	34,849	4,743	39,592
Transactions with Owners of the Company:							
Dividends paid	-	-	-	(99,783)	(99,783)	-	(99,783)
Total transactions with Owners of the Company	-	-	-	(99,783)	(99,783)	-	(99,783)
As of 30 Sep 2023 (unaudited)	438,354	(71,500)	(772)	356,376	722,458	265,202	987,660

CONDENSED STATEMENTS OF CHANGES IN EQUITY

<u>Note</u>	<u>Attributable to Owners of the Company</u>					<u>Non-</u> <u>controlling</u> <u>interests</u> RM'000	<u>Total</u> <u>Equity</u> RM'000
	<u>Share</u> <u>capital</u> RM'000	<u>Merger</u> <u>deficit</u> RM'000	<u>Currency</u> <u>translation</u> <u>reserve</u> RM'000	<u>Retained</u> <u>earnings</u> RM'000	<u>Total</u> RM'000		
As of 1 January 2022	438,354	(71,500)	-	537,949	904,803	252,646	1,157,449
Profit for the financial period	-	-	-	34,139	34,139	5,118	39,257
Other Comprehensive Income:							
Currency translation differences	-	-	(374)	-	(374)	-	(374)
Total comprehensive income for the financial period	-	-	(374)	34,139	33,765	5,118	38,883
Transactions with owners of the Company:							
Dividends paid	-	-	-	(99,783)	(99,783)	-	(99,783)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	-	(2,450)	(2,450)
Non-controlling interest arising from business combination	-	-	-	-	-	(978)	(978)
Changes in ownership interests in subsidiaries	-	-	-	(38,187)	(38,187)	-	(38,187)
Reduction in non-controlling interest arising from increase in stake in subsidiaries	-	-	-	-	-	931	931
Total transactions with owners of the Company	-	-	-	(137,970)	(137,970)	(2,497)	(140,467)
As of 30 Sep 2022 (unaudited)	438,354	(71,500)	(374)	434,118	800,598	255,267	1,055,865

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

	<u>9 Months</u> <u>ended</u> <u>30 Sep 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM'000</u> <u>unaudited</u>
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	52,435	56,825
Adjustments for:		
Non-cash items	35,478	27,295
Interest income	(1,542)	(1,550)
Finance costs	13,097	13,518
Operating Profit Before Working Capital Changes	99,468	96,088
Net decrease/(increase) in inventories, amount due from contract customers, trade and other receivables	9,932	(22,568)
Net increase in trade, other payables and deferred income	1,769	1,013
Cash Generated From Operations	111,169	74,533
Income tax paid	(19,899)	(18,239)
Income tax refunded	3,988	39
Net Cash From Operating Activities	95,258	56,333
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	1,477	1,568
Property, plant and equipment:		
- Proceeds from disposal	33	205
- Purchases	(1,697)	(2,865)
Dividend received from an associate	864	817
Dividend received from a joint venture	3,375	-
Investments designated at FVTPL:		
- Purchase	(28,463)	(108,892)
- Proceeds from redemption	86,200	325,043
- Dividends received	1,868	989
Payment for acquisition of non-controlling interests	-	(37,256)
Net cash inflow from acquisition of subsidiaries	-	32,588
Withdrawals of deposits pledged as security	120	973
Net Cash From Investing Activities	63,777	213,170
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Interest paid	(17,702)	(18,270)
Repayment of borrowings	(30,055)	(42,121)
Repayment of previous shareholder' loans owing by subsidiaries	-	(125,614)
Repayment of lease liabilities	(1,994)	(2,171)
Dividends paid (<i>Note A7</i>)	(99,783)	(99,783)
Dividends paid by a subsidiary to non-controlling interests	-	(2,450)
Net Cash Used In Financing Activities	(149,534)	(290,409)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,501	(20,906)
Effect of Exchange Rate Changes	(560)	16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	48,854	62,227
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	57,795	41,337

CONDENSED STATEMENTS OF CASH FLOWS

	<u>9 Months</u> <u>ended</u> <u>30 Sep 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM'000</u> <u>unaudited</u>
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	75,481	60,696
Cash and bank balances	29,719	28,123
Total deposits, cash and bank balances	105,200	88,819
Less: Deposits pledged as security	(47,405)	(47,482)
	<u>57,795</u>	<u>41,337</u>

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying significant events and transactions attached to these interim financial statements.

PART A – DISCLOSURES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

A1 – Basis of Preparation

These interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board, Paragraph 9.22 of the Main Board Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and guidance communication notes issued by Bursa Securities.

These interim financial statements should be read in conjunction with the latest audited financial statements of the Company and its subsidiaries (“**Group**”) for the financial year ended 31 December 2022 (“**Audited Financial Statements**”). The selected explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the Audited Financial Statements, except for the following: -

(i) Adoption of amendments to Malaysian Financial Reporting Standards (“MFRSs”)

In the current financial period, the Group adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial years beginning on or after 1 January 2023.

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9-Comparative Information
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform-Pillar Two Model Rules - Application of the exception and disclosure of that fact
Amendments to MFRS 112	International Tax Reform-Pillar Two Model Rules - other disclosure requirements

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

New MFRSs and Amendments to MFRSs in issue but not yet effective

As at the date of authorisation of these interim financial statements, the new MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group are as listed below: -

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 121	Lack of Exchangeability

The Board anticipates that the abovementioned MFRSs and amendments to MFRSs will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these standards will have no material impact on the financial statements of the Group in the period of initial application.

A1 – Basis of Preparation (continued)

(ii) The principal closing rate used in translation of foreign currency amounts were as follows:

<u>Foreign currency</u>	<u>30 Sep 2023</u>	<u>30 Jun 2023</u>	<u>30 Sep 2022</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>
1 US Dollar (USD)	4.69	4.67	4.63

A2 – Comments about the Seasonal or Cyclicity of Interim Operations

There are no significant seasonal or cyclical factors affecting the operations of the Group.

A3 – Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There are no other items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter and financial period.

A4 – Disaggregation of Revenue

The disaggregation of revenue was as follows:

	<u>3 Months ended</u>		<u>9 Months ended</u>	
	<u>30 Sep</u>		<u>30 Sep</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
<i>Revenue from contracts with customers:</i>				
Management, operations and maintenance of water treatment plant	46,066	46,769	150,222	138,173
Toll revenue and operator fee	19,662	18,134	56,282	52,711
Revenue from construction contracts	14,213	15,187	33,325	34,468
Management fees	938	1,251	3,249	3,751
Sales of electricity	6,229	6,191	19,454	11,637
	<u>87,108</u>	<u>87,532</u>	<u>262,532</u>	<u>240,740</u>
<i>Revenue from other sources:</i>				
Deferred income	<u>3,627</u>	<u>3,746</u>	<u>10,763</u>	<u>11,117</u>
Revenue as per Condensed Statement of Comprehensive Income	<u>90,735</u>	<u>91,278</u>	<u>273,295</u>	<u>251,857</u>
<i>Timing of revenue recognition for revenue from contracts with customers:</i>				
At a point in time	71,957	71,094	225,958	202,521
Over time	15,151	16,438	36,574	38,219
	<u>87,108</u>	<u>87,532</u>	<u>262,532</u>	<u>240,740</u>

A5 – Accounting Estimates

There were no changes in estimates of amounts reported in prior financial years of the Group that have had a material effect in the current quarter and financial period.

A6 – Issuance, Repurchases and Repayments of Debt and Equity Securities

During the current quarter and financial period, there was no issuance, repurchase and repayment of debt and equity securities by the Company.

A7 – Dividends Paid

The total dividends paid to shareholders during the financial period amounted to RM99,783,000 (2022: RM99,783,000) as follows: -

- (a) On 16 February 2023, the Board declared a fourth interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33,261,000 in respect of the financial year ended 31 December 2022 which was paid on 31 March 2023.
- (b) On 22 May 2023, the Board declared a first interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33,261,000 in respect of the financial year ending 31 December 2023 which was paid on 30 June 2023.
- (c) On 22 August 2023, the Board declared a second interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33,261,000 in respect of the financial year ending 31 December 2023 which was paid on 29 September 2023.

A8 – Material Subsequent Events

There were no material events subsequent to the end of the financial report that have not been reflected in these interim financial statements.

A9 - Contingent Liabilities

There are no material contingent liabilities as at the end of the current financial period and up to 15 November 2023 (being a date not earlier than 7 days from the date of these interim financial statements).

A10 – Changes in Composition of the Group

There were no changes to the composition of the Group during the financial period, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinued operations.

A11 – Other Significant Events and Transactions

There are no other transactions and events that are significant to the understanding of the changes in the financial position and performance of the Group since the Audited Financial Statements.

A12 – Operating Segments

Segmental information is presented in respect of the Group’s business segments, which reflect the Group’s management structure and the way financial information is internally reviewed by the Group’s chief operating decision makers.

3 Months ended 30 Sep	Water		Waste management		Construction		Toll highway		Renewables		Others		Total		Reconciliation		Amount as per Statement of Comprehensive Income	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	46,066	46,769	86,025	84,261	14,213	15,187	22,171	16,101	6,229	6,191	938	1,251	175,642	169,760	(84,907)	(78,482)	90,735	91,278
EBITDA(i)	14,075	15,200	12,548	14,588	2,791	469	16,819	14,160	5,069	7,594	908	(1,360)	52,210	50,651	(16,141)	(8,078)	36,069	42,573
Depreciation and amortisation	(93)	(66)	(1,977)	(1,288)	(5)	175	(6,347)	(5,946)	(2,882)	(4,206)	(796)	(826)	(12,100)	(12,157)	(248)	760	(12,348)	(11,397)
Operating profit	13,982	15,134	10,571	13,300	2,786	644	10,472	8,214	2,187	3,388	112	(2,186)	40,110	38,494	(16,389)	(7,318)	23,721	31,176
Finance costs	-	-	(7,608)	(7,236)	-	-	(2,289)	(2,618)	(130)	(122)	(343)	(167)	(10,370)	(10,143)	6,002	5,596	(4,368)	(4,547)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,303	656	4,303	656
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,513)	(5,267)	(5,513)	(5,267)
Profit before tax	13,982	15,134	2,963	6,064	2,786	644	8,183	5,596	2,057	3,266	(231)	(2,353)	29,740	28,351	(11,597)	(6,333)	18,143	22,018
Income tax expense	(3,156)	(3,697)	(5,738)	(9,212)	(18)	-	(2,306)	(1,575)	133	1	924	(1,028)	(10,161)	(15,511)	7,051	8,888	(3,110)	(6,623)
Profit for the financial year	10,826	11,437	(2,775)	(3,148)	2,768	644	5,877	4,021	2,190	3,267	693	(3,381)	19,579	12,840	(4,546)	2,555	15,033	15,395
EBDA(ii)	10,919	11,503	(798)	(1,860)	2,773	469	12,224	9,967	5,072	7,473	1,489	(2,555)	31,679	24,997	(4,298)	1,795	27,381	26,792
Capex(iii)	56	109	9,728	8,236	19	90	108	168	32	-	44	26	9,987	8,629	-	-	-	-

A12 – Operating Segments (continued)

Segmental information is presented in respect of the Group’s business segments, which reflect the Group’s management structure and the way financial information is internally reviewed by the Group’s chief operating decision makers.

9 Months ended 30 Sep	Water		Waste management		Construction		Toll highway		Renewables		Others		Total		Reconciliation		Amount as per Statement of Comprehensive Income	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	150,222	138,173	255,842	248,660	33,325	34,468	53,975	47,009	19,454	11,637	3,249	3,751	516,067	483,698	(242,772)	(231,841)	273,295	251,857
EBITDA(i)	46,299	48,426	36,566	42,243	3,110	1,377	41,084	38,181	17,297	9,788	(3,048)	(2,736)	141,308	137,279	(29,598)	(26,103)	111,710	111,176
Depreciation and amortisation	(274)	(223)	(5,202)	(3,811)	(16)	(17)	(18,616)	(17,453)	(8,627)	(4,358)	(2,350)	(2,617)	(35,085)	(28,479)	(1,290)	(2,282)	(36,375)	(30,761)
Operating profit	46,025	48,203	31,364	38,432	3,094	1,360	22,468	20,728	8,670	5,430	(5,398)	(5,353)	106,223	108,800	(30,888)	(28,385)	75,335	80,415
Finance costs	-	-	(22,242)	(21,428)	-	-	(7,112)	(8,109)	(391)	(216)	(1,026)	(501)	(30,771)	(30,254)	17,674	16,736	(13,097)	(13,518)
Share of results of joint venture							-	-	-	-	-	-			5,042	1,720	5,042	1,720
Share of results of associate							-	-	-	-	-	-			(14,845)	(11,792)	(14,845)	(11,792)
Profit before tax	46,025	48,203	9,122	17,004	3,094	1,360	15,356	12,619	8,279	5,214	(6,424)	(5,854)	75,452	78,546	(23,017)	(21,721)	52,435	56,825
Income tax expense	(10,171)	(11,008)	(16,202)	(22,905)	(18)	-	(4,635)	(4,542)	327	(17)	1,037	(1,028)	(29,662)	(39,500)	17,374	21,932	(12,288)	(17,568)
Profit for the financial year	35,854	37,195	(7,080)	(5,901)	3,076	1,360	10,721	8,077	8,606	5,197	(5,387)	(6,882)	45,790	39,046	(5,643)	211	40,147	39,257
EBDA(ii)	36,128	37,418	(1,878)	(2,090)	3,092	1,377	29,337	25,530	17,233	9,555	(3,037)	(4,265)	80,875	67,525	(4,353)	2,493	76,522	70,018
Capex(iii)	167	232	21,032	10,958	122	2,401	431	279	460	101	320	47	22,532	14,018				

A12 – Operating Segments (continued)

- (i) EBITDA is defined as earnings before finance costs, taxation, depreciation and amortisation (and excludes share of results of associates and joint venture).
(ii) EBDA is defined as earnings before depreciation and amortisation.
(iii) CAPEX is defined as capital expenditure based on the Group's proportionate share on capital expenditure incurred for the financial period.

Notes

- The Group monitors the performance of its business by five main business segments namely water treatment and supply, construction, toll highway, waste management and renewable energy. Others refer to investment holding and other non-core businesses.*
- The revenue and profit performance represent the Group's proportionate share of interest in each of the subsidiaries (instead of full consolidation) and includes a proportionate share of the interest of joint ventures or associates (instead of being equity accounted). The total is then reconciled to the revenue and profit performance in the Condensed Statements of Comprehensive Income. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.*
- The income statement in the waste management segment excluded the fair value measurement adjustments made at the Group level. This is to better assess the operational performance of the segment. The segmental results (including the calculation of EBITDA and EBDA), are solely from the concession business, after the proportionate deduction of dividends on cumulative preferences shares held by parties other than the Group.*

As at 30 Sep unaudited	<u>Water treatment and supply</u>		<u>Waste management</u>		<u>Construction</u>		<u>Toll highway</u>		<u>Renewable energy</u>		<u>Others</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Segment assets	107,328	134,786	100,331	127,928	73,752	49,022	1,240,255	1,257,715	173,720	158,214	66,599	87,870	1,761,985	1,815,535
Segment liabilities	(22,914)	(20,202)	-	-	(60,489)	(43,749)	(624,596)	(668,459)	(39,079)	(21,316)	(27,247)	(5,944)	(774,325)	(759,670)
Net segment assets	84,414	114,584	100,331	127,928	13,263	5,273	615,659	589,256	134,641	136,898	39,352	81,926	987,660	1,055,865

**PART B – DISCLOSURES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

B1 – Overall Review of Group’s Financial Performance

Part A – Review of Statement of Financial Position

	As at 30 Sep 2023 (unaudited) RM’000	As at 31 Dec 2022 (audited) RM’000	Variance (%) #
Total assets	1,761,985	1,854,310	↓ 5
Total liabilities	774,325	806,459	↓ 4
Total shareholders’ equity	987,660	1,047,851	↓ 6
Return on equity (%)*	3.9	6.0	↓ 35
Net assets per share (sen)	35.84	39.06	↓ 8

* *Return on Equity is calculated by dividing the profit for the financial period/year with the average of the opening and closing total shareholders’ equity*

approximate, to the nearest digit

(a) The Group’s total assets declined by 5% or approximately RM92.33 million as compared to the Audited Financial Statements mainly due to a reduction in the following carrying amounts: -

- (i) investments designated at FVTPL, cash and bank balances of approximately RM48.28 million. The decrease in the cash reserves of the Group was principally due to dividend payments to shareholders, repayments of the Islamic Medium-Term Notes (“**IMTN**”) under a IMTN (Sukuk) Programme issued by Cerah Sama Sdn Bhd (“**Cerah Sama**”) and interest payments during the financial period. However, the decline in cash reserves was mitigated by receipt of toll compensation by Grand Saga Sdn Bhd (“**Grand Saga**”) totalling RM11.25 million, dividends received from an associate and a joint venture amounting to RM4.24 million and receipt of a tax refund of RM3.99 million by the Group during the financial period;
- (ii) intangible assets by approximately RM24.09 million due to amortisation charges; and
- (iii) investments in associates by approximately RM15.71 million due to share of losses of certain associates during the financial period.

Nevertheless, the decrease in total assets was mitigated by the increase in Inventories by RM21.40 million, mainly from recognition of costs of materials purchased and delivered on-site but yet to be installed or consumed in the Group’s construction activities.

- (b) Total liabilities saw a decrease of 4% or approximately RM32.13 million mainly due to reduction of borrowings from the redemption of the third tranche of the IMTN of RM30.00 million as well as lower other payables and accrual of RM14.23 million. However, the reduction was mitigated by the increase in trade payables and amount due to contract customers by RM5.52 million and RM22.16 million respectively.
- (c) Total shareholders’ equity was lower by 6% or about RM60.19 million on account of total dividends paid of 4.95 sen per share to shareholders of the Company which exceeded the EPS for the financial period of 1.76 sen per share. Consequently, the net assets per share also declined to 35.84 sen compared to 39.06 sen as of 31 December 2022.

B1 – Overall Review of Group’s Financial Performance (continued)

Part B – Review of Income Statement

The breakdown of the revenue by business segment below should be read in conjunction with Note A4 – Disaggregation of Revenue above.

	<u>3 Months</u> <u>ended</u> <u>30 Sep 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM'000</u> <u>unaudited</u>
<i>Revenue</i>				
Water treatment and supply	46,066	46,769	150,222	138,173
Construction	14,213	15,187	33,325	34,468
Toll highway	23,289	21,880	67,045	63,828
Renewable energy	6,229	6,191	19,454	11,637
Others	938	1,251	3,249	3,751
Revenue as per Condensed Statement of Comprehensive Income	90,735	91,278	273,295	251,857
<i>Profit Before Tax</i>				
	<u>3 Months</u> <u>ended</u> <u>30 Sep 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM'000</u> <u>unaudited</u>
Water treatment and supply	13,984	16,576	46,029	48,204
Construction	2,779	635	3,070	1,351
Toll highway	7,974	12,757	26,279	30,782
Renewable energy	2,187	3,389	8,670	5,430
Others	(3,203)	(2,181)	(8,713)	(5,352)
Operating profit	23,721	31,176	75,335	80,415
Finance cost	(4,368)	(4,547)	(13,097)	(13,518)
Share of results of joint venture	4,303	656	5,042	1,720
Share of results of associates	(5,513)	(5,267)	(14,845)	(11,792)
Profit before tax for the financial period	18,143	22,018	52,435	56,825

(a) Current Quarter vs. Preceding Year’s Corresponding Quarter

Overall Summary

Notwithstanding the higher revenue from the toll highway segment from an increase in the ADT, the Group reported a revenue of RM90.74 million which was marginally lesser than the corresponding quarter. The lower revenue for the current quarter was attributable to a decrease in revenue from the construction and water treatment and supply segments.

B1 – Overall Review of Group’s Financial Performance (continued)

Part B – Review of Income Statement (continued)

(a) Current Quarter vs. Preceding Year’s Corresponding Quarter (continued)

In line with lower revenue, the Group reported a lower PBT of RM18.14 million, as compared to RM22.02 million in the corresponding quarter. The decrease in PBT was attributable mainly to the following: -

- (a) higher repair and maintenance expenses of RM9.36 million (Q3FY22: RM4.39 million);
- (b) write-back of over-provision for heavy repairs recognised in prior years amounting to RM2.89 million in the corresponding quarter; and
- (c) write-back of RM0.72 million in over-provisioning of acquisition-related expenses by the renewable energy segment during the corresponding quarter.

However, the decrease in PBT was mitigated by a higher share of results from a jointly controlled entity, Grand Sepadu (NK) Sdn. Bhd. (“**Grand Sepadu**”) of RM4.30 million (Q3FY22: RM0.66 million) attributable to a toll compensation of RM13.83 million (Q3FY22: RM Nil) and higher ADT by 2.1% in the current quarter.

Water treatment and supply

The operating revenue for the water treatment and supply segment comprised of metered sales of RM37.38 million (Q3FY22: RM37.69 million) and electricity and chemical rebates of RM8.69 million (Q3FY22: RM9.08 million) respectively. Despite the BWSR Increase, the segment’s operating revenue showed a slight decrease from RM46.77 million to RM46.07 million due to the lower metered sales, electricity and chemical rebates. Variations in the electricity and chemical rebates have no impact on the SSP1 operations as it is a pass-through mechanism by which the variations are then passed on to Air Selangor in the form of rebates.

The metered sales and the average million litres per day (“**MLD**”) of metered sales recorded in SSP1 were as follows: -

SSP1	Q3 – 2023	Q3 – 2022	Variance (%)
Metered Sales (million m ³)	89.0	91.9	↓ 3.2
Number of billing days	92	92	
Average MLD	967	999	↓ 3.2

The segment’s operating profit has declined from RM16.58 million in the corresponding quarter to RM13.98 million in the current quarter due to increase in maintenance and rehabilitation expenditure of RM5.79 million (Q3FY22: RM3.13 million).

Construction

During the current quarter, the construction margin for the Package 2 of Phase 1 of the Sungai Rasau Water Treatment Plant and Water Supply Scheme (“**Rasau Projects**”) was revised upwards based on actual prices awarded to certain suppliers. Nonetheless, the construction revenue decreased by RM0.97 million mainly due to the completion of the Proposed Construction and Completion of 76ML RC Reservoir R4 and Related Ancillary Works at Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan (“**CRJ4 Project**”) during the current quarter. Additionally, an over-recognition of revenue for the Packages 2 and 3 of Rasau Projects in the corresponding quarter also contributed to the decrease.

B1 – Overall Review of Group’s Financial Performance (continued)

Part B – Review of Income Statement (continued)

(a) Current Quarter vs. Preceding Year’s Corresponding Quarter (continued)

Despite the lower revenue, operating profit higher at RM2.78 million as compared to RM0.64 million in the corresponding quarter. This was largely due to the upward revision in the contract sum and margin arising from the final account being issued for the Langat 2 – Package 7 Balancing Reservoir Project (“L2P7 Project”). This project has been completed in September 2020.

Toll highway – Subsidiary

ADT	Q3 – 2023	Q3 – 2022	Variance (%)
Grand Saga Highway	159,224	146,936	↑ 8.4

Revenue contribution from Grand Saga saw a rise of RM1.41 million, primarily driven by an 8.4% increase in the ADT after the opening of the Sungai Besi-Ulu Kelang Elevated (“SUKU”) Expressway in September 2022. However, despite the increase in revenue, the segment’s operating profit showed a significant decline in comparison to the corresponding quarter. The drop was attributable to the write-back of over-provision for heavy repairs amounting to RM2.89 million in the corresponding quarter, and an increase in the repair and maintenance expenses in the current quarter amounting to RM2.96 million (Q3FY22: RM0.73 million).

Renewable energy

The total energy output (measured in megawatt-hour (“MWh”) recorded in the four (4) solar plants were as follows: -

	Q3 – 2023	Q3 – 2022	Variance (%)
Total energy output (MWh)	5,254	5,166	↑ 1.7

The revenue for the two quarters was almost similar as there was no material changes to the total energy output. Nonetheless, the operating profit was lower at RM2.19 million as compared to RM3.39 million in the corresponding quarter. This was attributable to an over-provision of acquisition-related expenses of RM0.72 million in the corresponding quarter and to a lesser extent, higher operating expenses in the current quarter, such as depreciation, upkeep and maintenance expenses. However, the lower operating profit was mitigated by higher net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL of RM0.30 million as compared to RM0.04 million in the corresponding quarter.

Toll highway – Share of results of joint venture

ADT	Q3 – 2023	Q3 – 2022	Variance (%)
Grand Sepadu Highway	88,925	87,074	↑ 2.1

B1 – Overall Review of Group’s Financial Performance (continued)

Part B – Review of Income Statement (continued)

(a) Current Quarter vs. Preceding Year’s Corresponding Quarter (continued)

The Group’s share of results in Grand Sepadu was significantly higher compared to the corresponding quarter mainly attributable to a toll compensation of RM13.83 million (Q3FY22: RM Nil) as well as an increase in the ADT by 2.1% in the current quarter. However, the higher share of results was impacted by amongst others, higher repair and maintenance expenses of RM2.29 million (Q3FY22: RM0.70 million) and tax expenses of RM5.09 million (Q3FY22: RM 1.89 million).

Waste management – Associate

The Group’s share of results of associates is mainly contributed by SWM Environment Holdings Sdn. Bhd. (“**SWMEH**”). Despite higher PAT recorded in SWMEH’s company level, the Group’s share of losses from SWMEH was higher at RM5.94 million as compared to RM5.63 million in the corresponding quarter due to higher adjustments made by the Group of RM61.83 million (Q3FY22: RM59.87 million) to SWMEH’s PAT.

At SWMEH’s company level, the revenue from both solid waste collection and public cleansing services was higher by 2.1% in the current quarter mainly attributable to the handing over of new areas. In line with the increase in revenue, the company recorded a higher PAT of RM44.85 million compared to RM43.78 million in the corresponding quarter, coupled with lower subcontractor costs, taxes and higher other income during the current quarter. However, the higher PAT was offset by higher expenses such as provision for loss allowance on receivables, payroll related costs as a result of higher headcount and overtime incurred, depreciation and finance costs.

(b) Current Year-to-date vs. Preceding Year-to-date

Overall Summary

The Group’s revenue increased significantly by RM21.44 million, to RM273.30 million from RM251.86 million recorded in the corresponding period. This notable growth was primarily attributable to higher contribution from all operating subsidiaries, except for the construction segment, which saw a slight decline.

Despite the significant increase in revenue, the Group reported a lower PBT of RM52.44 million, compared to RM56.82 million in the corresponding period. The lower PBT was mainly attributable by the following: -

- (a) higher of repair and maintenance expenses amounting to RM19.63 million (YTD Q3FY22: RM14.13 million);
- (b) higher share of losses from associates of RM14.85 million (YTD Q3FY22: RM11.79 million);
- (c) write-back of over-provision for heavy repairs recognised in prior years amounting to RM2.89 million in the corresponding period;
- (d) higher amortisation of intangible asset from the toll highway segment of RM24.09 million (YTD Q3FY22: RM22.37 million); and
- (e) lower net returns of RM3.67 million (YTD Q3FY22: RM4.81 million) from interest income, dividend and net gain on redemption from investments designated at FVTPL.

Nonetheless, the abovementioned were mitigated by:-

- (a) a higher share of profits from Grand Sepadu of RM5.04 million (YTD Q3FY22: RM1.72 million) arising from a toll compensation and higher ADT in the current financial period; and

B1 – Overall Review of Group’s Financial Performance (continued)

Part B – Review of Income Statement (continued)

(b) Current Year-to-date vs. Preceding Year-to-date (continued)

- (b) a gain on disposal of investment property, net gain on foreign exchange and fair value gains in the current financial period as disclosed in Note B4.

Water treatment and supply

At the operating level, the water treatment and supply segment reported a revenue of RM150.22 million, exceeding the RM138.17 million recorded a year ago due to higher electricity rebates in the SSP1 operations. Despite the BWSR Increase, revenue from metered sales was lower as compared to the corresponding quarter, due to a reduction in metered sales by 2.5% in the current financial period.

The metered sales and the average MLD of metered sales recorded in SSP1 were as follows: -

SSP1	YTD Sep 2023	YTD Sep 2022	Variance (%)
Metered Sales (million m ³)	265.6	272.3	↓ 2.5
Number of billing days	273	273	
Average MLD	973	998	↓ 2.5

Despite the increase in revenue, the operating profit for the segment was lower at RM46.03 million compared to RM48.20 million a year ago. The decline in the operating profit was mainly due to higher rehabilitation and maintenance expenses in the current financial period, totalling RM14.22 million (YTD Q3FY22: RM9.74 million). The lower operating profit was partially offset by gain on disposal of investment property, as well as higher net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL of RM1.07 million (YTD Q3FY22: RM0.59 million) in the current financial period.

Construction

The segment experienced a decrease in revenue as compared to the corresponding financial period. The primary source of the segment’s revenue was the Rasau Projects and CRJ4 Project, contributing approximately RM27.85 million (YTD Q3FY22: RM28.82 million) and RM3.65 million (YTD Q3FY22: RM5.63 million), respectively.

Nevertheless, the issuance of the final account for the completed L2P7 Project resulted in an upward revision of the contract sum and margin, and these have mitigated the lower revenue and increased the operating profit as compared to the corresponding period.

Toll operations - Subsidiary

ADT	YTD Sep 2023	YTD Sep 2022	Variance (%)
Grand Saga Highway	157,159	144,981	↑ 8.4

Revenue contribution from the Grand Saga Highway saw an increase, rising to RM67.05 million from RM63.83 million in the corresponding period due to the increase in the ADT by 8.4%. The increase in ADT can be directly attributed to the opening of the SUKE Expressway in September 2022. However, despite of the increase in revenue, operating profit experienced a significant reduction when compared to the corresponding period. This reduction was mainly due to write-back of overprovision of heavy repairs of RM2.89 million in the corresponding period, as well as higher repair and maintenance expenses of RM3.92 million (YTD Q3FY22: RM1.78 million) and amortisation of intangible asset of RM24.09 million (YTD Q3FY22: RM22.37 million) in the current financial period.

B1 – Overall Review of Group’s Financial Performance (continued)

Part B – Review of Income Statement (continued)

(b) Current Year-to-date vs. Preceding Year-to-date (continued)

Renewable energy

The total energy output (measured in MWh) recorded in the four (4) solar plants were as follows: -

	YTD Sep 2023	YTD Sep 2022	Variance (%)
Total energy output (MWh)	16,371	12,804 *	↑ 27.9

* *the total energy output was for nine months for comparison purposes*

Revenue contribution showed a substantial increase by RM7.82 million, primarily attributable to revenue recognised for a period of nine (9) months in the current financial period compared to approximately six (6) months in the corresponding period as the acquisition of the solar renewable energy project was only completed in April 2022. Furthermore, the higher revenue was also linked to the completion of replacement of panels at TR SaTerm Sdn Bhd’s solar facility in the fourth quarter of 2022, resulting in a notable increase in total energy output by 27.9%.

In line with higher revenue, the segment’s operating profit was also higher at RM8.67 million compared to RM5.43 million in the corresponding period.

Toll operations - Share of results of joint venture

ADT	YTD Sep 2023	YTD Sep 2022	Variance (%)
Grand Sepadu Highway	88,358	86,087	↑ 2.6

The Group’s share of results in Grand Sepadu was higher as compared to the corresponding period mainly due to toll compensation and increase in the ADT in the current financial period. However, the higher of share of result was impacted by higher repair and maintenance expenses of RM3.96 million (YTD Q3FY22: RM1.64 million), as well as tax expenses of RM8.50 million (YTD Q3FY22: RM5.41 million).

Waste management - Share of results of associate

The Group’s share of losses from SWMEH was RM16.19 million compared to RM12.97 million in the corresponding period due to lower PAT recorded in SWMEH and higher adjustments made by the Group of RM184.38 million (YTD Q3FY22: RM178.52 million) to SWMEH’s PAT. The PAT of SWMEH is lower at RM138.10 million as compared to RM141.46 million due to higher expenses, amongst others, payroll related costs, provision for loss allowance on receivables, depreciation and finance costs. Despite the lower PAT in SWMEH, the impact on losses was partially mitigated by lower sub-contractor costs, taxes and higher other income.

B1 – Overall Review of Group’s Financial Performance (continued)

Part B – Review of Income Statement (continued)

(c) Material Change in Financial Performance for the Current Quarter Compared with Preceding Quarter

	<u>3 Months ended 30 Sep 2023 RM'000 unaudited</u>	<u>3 Months ended 30 Jun 2023 RM'000 unaudited</u>
<i>Revenue</i>		
Water treatment and supply	46,066	52,135
Construction	14,213	7,155
Toll highway	23,289	21,868
Renewable energy	6,229	6,809
Others	938	1,061
Total revenue as per Condensed Statement of Comprehensive Income	90,735	89,028
<i>Profit Before Tax</i>		
Water treatment and supply	13,984	16,943
Construction	2,779	52
Toll highway	7,974	9,132
Renewable energy	2,187	3,868
Others	(3,203)	(2,705)
Operating profit	23,721	27,290
Finance cost	(4,368)	(4,324)
Share of results of joint venture	4,303	243
Share of results of associates	(5,513)	(4,577)
Profit before tax for the financial period	18,143	18,632

In the current quarter, the Group revenue increased marginally by RM1.71 million, i.e. from RM89.03 million to RM90.74 million. This increase was primarily attributable to higher contribution from the construction and toll highway segments driven by the progress of the Rasau Projects and an increase in ADT by 1.7% respectively. Conversely, there was a decline in the revenue contribution from the water treatment and supply and renewable energy segments.

Despite the higher revenue, the Group PBT decreased slightly by RM0.49 million to RM18.14 million from RM18.63 million in the previous quarter. This was attributable to higher rehabilitation and maintenance expenses in the current quarter. Additionally, the higher PBT in the preceding quarter was due to a gain on disposal of investment property in the water treatment and supply segment, higher gain on foreign exchange and sundry income recognised in the renewable energy segment. Included in the preceding quarters’ sundry income are, amongst others, receipts of insurance claims made by TR Cpark Sdn. Bhd.

Despite a slight increase in metered sales, the water treatment and supply segment’s revenue decreased significantly compared to the preceding quarter due a reduction in the electricity rebates as a result of a lower ICPT surcharge from RM0.20/kWh to RM0.037/kWh effective 1 July 2023. The following are the metered sales and the average MLD of metered sales recorded in the SSP1 operations: -

SSP1	Q3 – 2023	Q2 – 2023	Variance (%)
Metered Sales (million m ³)	89.0	88.5	↑ 0.6%
Number of billing days	92	91	
Average MLD	967	972	↓ 0.5%

B1 – Overall Review of Group’s Financial Performance (continued)

Part B – Review of Income Statement (continued)

(c) Material Change in Financial Performance for the Current Quarter Compared with Preceding Quarter (continued)

The segment’s operating profit also recorded a significant decrease by RM2.96 million in line with the reduction in revenue, coupled with higher maintenance and rehabilitation expenses in the current quarter. It should also be noted that the higher operating profit in the preceding quarter was partly contributed by a gain on disposal of investment property of about RM1.81 million.

The construction segment’s revenue and operating profit were significantly higher compared to the preceding quarter due to an upward revision in the contract sum and margin for the L2P7 Project and an upward revision in the margin for the Package 2 of the Rasau Projects in the current quarter.

In line with the higher ADT in Grand Saga, the revenue contribution in Grand Saga was higher as compared to the preceding quarter. However, despite an increase in revenue, there was a reduction in the operating profit, mainly due to higher repair and maintenance expenses of RM2.96 million (Q2FY23: RM0.54 million).

The ADT recorded in the Grand Saga Highway was as follows: -

ADT	Q3 - 2023	Q2 - 2023	Variance (%)
Grand Saga Highway	159,224	156,588	↑ 1.7

For the renewable energy segment, revenue was lower by RM0.58 million due to the reduction in the total energy output by 8.4%, and this was also reflected in the drop in the operating profit. However, the drop in the operating profit was higher at RM1.68 million partly attributable to lower sundry income of RM0.09 million (Q2FY23: RM0.91 million) as well as lower net gain on foreign exchange of RM0.05 million (Q2FY23: RM0.46 million). The total energy output (measured in MWh) recorded in the four (4) solar plants were as follows: -

	Q3 - 2023	Q2 - 2023	Variance (%)
Total energy output (MWh)	5,254	5,735	↓ 8.4

As for Grand Sepadu, the company recorded a marginal increase in the ADT. Nonetheless, the Group's share of results in Grand Sepadu was significantly higher at RM4.30 million (Q2FY23: RM0.24 million) and this was attributed to the toll compensation in the current quarter. However, the higher share of results was offset by higher repair and maintenance expenses and taxes.

The ADT recorded in the Grand Sepadu Highway was as follows: -

ADT	Q3 - 2023	Q2 - 2023	Variance (%)
Grand Sepadu Highway	88,925	88,154	↑ 0.9

The Group’s share of losses of SWMEH is higher at RM5.94 million as compared to RM5.03 million in the preceding quarter due to lower PAT recorded in SWMEH. At SWMEH’s company level, the revenue from both solid waste collection and public cleansing services was higher mainly attributable to higher frequency of collection and cleansing activities with more working-days and handing over of new areas during the current quarter. However, the increase in revenue was offset by an increase in depreciation and subcontractor costs, financing and taxes resulting in a lower PAT at RM44.85 million as compared to RM47.10 million in the preceding quarter.

B1 – Overall Review of Group’s Financial Performance (continued)

Part C – Review of Statement of Cash Flow

	<u>9 Months ended</u> <u>30 Sep 2023</u> <u>RM’000</u> <u>unaudited</u>	<u>9 Months ended</u> <u>30 Sep 2022</u> <u>RM’000</u> <u>unaudited</u>	Variance (%)
Net cash from operating activities	95,258	56,333	↑ 69
Net cash from investing activities	63,777	213,170	↓ 70
Net cash used in financing activities	(149,534)	(290,409)	↓ 49

Net cash from operating activities was higher by RM38.93 million primarily attributable to the receipt of toll compensation of RM11.25 million by Grand Saga during the financial period and prompt payments from trade receivables and contract customers. Additionally, tax refunds received by the Group totalling RM3.99 million during the financial period, further contributing to the increase in net cash from operating activities.

Net cash from investing activities was lower by RM149.39 million primarily due to the lower net proceeds from redemption of investments designated at FVTPL as compared to corresponding period. However, the decrease in net cash from investing activities was mitigated by dividend received from a joint venture and an associate in the current financial period. It should be noted that the acquisition of subsidiaries and non-controlling interest in the corresponding period had an impact on the net cash from investing activities in that period.

Net cash outflow from financing activities was lower by RM140.88 million mainly due to repayment of previous shareholder’s loans and external borrowing owing by subsidiaries arising from the acquisition of solar power projects in the corresponding period. In addition, the reduction was contributed by higher loan repayment in the corresponding period.

B2 – Prospects

The profitability of the Group is largely driven by the performance of the water treatment and supply; and the toll highway segments as they contribute the bulk of the profits and cash flows to the Group. As experienced in the previous quarters, demand for treated raw water in the Klang Valley remains robust whilst the toll highway segment continue to record improvements in the traffic volume especially in the Grand Saga Highway with the opening of the SUKE Highway. Aside from that, the renewable energy and construction segments contribute a fair share to the Group's profit for this year, and it is expected that these two segments will continue to be profitable in the upcoming years.

During the quarter, Packages 2 and 3 of the Rasau Project were granted an extension of time to complete by 29 November 2025 and 19 December 2025, respectively. The project is currently on track and will contribute positively to the Group’s revenue and profit in 2024 and 2025. The successful completion of the Rasau Projects remains as one of the top priorities considering that it is a sizeable project to the Group.

For the waste management segment, SWMEH registered higher revenue from both solid waste collection and public cleansing services mainly from increasing areas to be serviced as well as higher frequency of collection and cleansing activities and it remains a profitable entity. However, continued delays in securing a tariff revision remains one of the key concerns and the Group will continue to record share of losses until the tariff revision is resolved. Nonetheless, on-going discussions are held between SWMEH and the Ministry of Local Government Development for a second cycle tariff review under the terms of its concession agreement.

In the renewable energy segment, there were substantial improvements in the financial results since beginning of the year. These improvements can be attributed to the successful completion of the solar panel replacement at the TR SaTerm's solar facility in the fourth quarter of 2022. The replacement of the solar panels has notably increased panel efficiency, resulting in a better financial performance. For 2024, the Group intends to undertake a replacement of solar panels in the other two facilities to further enhance returns over the longer term. The solar panel replacement exercise will involve capital expenditure and the cost of existing solar panels to be written off.

B2 – Prospects (continued)

Over the past years, the Group has been able to maintain a consistent payout of dividends to shareholders and this is made possible by prompt payments received by the water treatment and supply segment along with receipt of toll collections. From time to time, the Group assesses its financial position to ensure that there are sufficient cash reserves to fulfil its operating and capital expenditure requirements, banking and Sukuk covenants as well as for potential business opportunities. The Group will continue with its strategy to focus on mature operational cash-generating utilities/infrastructure businesses with a view of generating new income stream.

B3 – Profit Estimates, Forecasts, Projections, Internal Targets or Profit Guarantees

Not applicable as none were announced or disclosed in a public document.

B4 – Profit before tax

	<u>3 Months ended 30 Sep</u>		<u>9 Months ended 30 Sep</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
<i>Other operating income:</i>				
Interest income on fixed deposits with licensed banks	576	399	1,542	1,550
Dividend from investments designated at FVTPL	532	684	1,868	1,490
Rental income	124	70	287	295
Gain on redemption of investments designated at FVTPL	189	440	258	1,870
Gain on foreign exchange (realised)	-	-	1	-
Gain on foreign exchange (unrealised)	83	184	923	428
Fair value changes	-	(75)	370	81
Reversal of loss allowance on trade and other receivables and amount due from contract customers	-	41	-	43
Gain on disposal of property, plant and equipment and sundry income	242	336	1,736	1,830
Gain on disposal of investment property (Note B12)	-	-	1,806	-
<i>Cost of operations, administrative and other expenses:</i>				
Depreciation and amortisation	(12,348)	(11,397)	(36,375)	(30,761)
Imputed interest on borrowing	(77)	(93)	(230)	(275)
Loss on redemption of investments designated at FVTPL	-	-	-	(101)
Loss on fair value changes	-	(130)	-	(178)
Loss allowance on trade and other receivables and amount due from contract customers	(19)	(12)	(115)	(37)
Loss on foreign exchange (unrealised)	(25)	(1)	(351)	(6)
Loss on foreign exchange (realised)	(5)	-	(6)	(11)
Reversal of interest income imputed on retention sum	10	5	(24)	(25)

Save as disclosed above, the other items required under Chapter 9, Appendix 9B, Part A (16) of the Listing Requirements of Bursa Securities are not applicable.

B5 – Income Tax Expense

The income tax expense is in respect of the estimated Malaysian income tax charges and deferred tax expenses. The effective tax rate of the Group varied from the statutory tax rate principally due to non-deductibility of certain expenses and/or non-taxability of certain income, as the case maybe, tax effect of share of profits/loss of joint venture and associates and losses incurred by certain subsidiaries which were not available to be set-off against taxable profits in other companies within the Group.

	<u>3 Months ended 30 Sep</u>		<u>9 Months ended 30 Sep</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
Malaysian income tax	5,548	8,040	20,174	22,902
Deferred tax expense	(2,438)	(1,417)	(7,886)	(5,334)
Total income tax expense	<u>3,110</u>	<u>6,623</u>	<u>12,288</u>	<u>17,568</u>
Effective tax rate	17.1%	30.1%	23.4%	30.9%

B6 – Status of Corporate Proposals Announced but not Completed

There was no corporate proposal announced but not completed as of 15 November 2023, being a date not earlier than 7 days from the date of these interim financial statements.

B7 – Group Borrowings and Debt Securities

Included in the borrowings of the Group are borrowings denominated in Ringgit Malaysia as follows: -

	<u>Long term</u>	<u>Short term</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30 Sep 2023 (unaudited)</u>			
Secured- IMTN	<u>269,138</u>	<u>30,000</u>	<u>299,138</u>
<u>30 Sep 2022 (unaudited)</u>			
Secured- IMTN	<u>298,815</u>	<u>30,000</u>	<u>328,815</u>

The RM420 million in nominal value IMTN Programme issued by Cerah Sama is repayable over eleven (11) annual instalments commencing 2020. During the financial period, the fourth tranche of the IMTN amounting to RM30 million in nominal value was redeemed in full at maturity in January 2023. As at the end of the financial period, the remaining balance of the IMTN tranches is RM300 million, which are repayable between 2024 and 2030.

B8 – Changes in Material Litigations

The Group does not have any material litigation as at the last annual statement of financial position.

B9 – Dividends

The Board is pleased to declare a third interim single-tier dividend of 1.65 sen per share on 2,015,817,574 shares amounting to RM33,261,000 in respect of the financial year ending 31 December 2023, to be payable on 22 December 2023.

To-date, the Board has declared a total single-tier dividend of 4.95 sen to shareholders for the financial year ending 31 December 2023, amounting to RM99,783,000 (2022: 4.95 sen per share amounting to RM99,783,000).

B10 – Earnings Per Share (“EPS”)

Basic and diluted earnings per share attributable to owners of the Company are computed by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

There are no potential dilutive ordinary shares attributable to the Company as at the end of the financial period.

	3 Months ended 30 Sep		9 Months ended 30 Sep	
	2023	2022	2023	2022
	unaudited	unaudited	unaudited	unaudited
Profit for the financial period attributable to owners of the Company (RM'000)	13,543	12,507	35,404	34,139
Weighted average number of ordinary shares in issue ('000)	2,015,817	2,015,817	2,015,817	2,015,817
Earnings per share (sen)	<u>0.68</u>	<u>0.62</u>	<u>1.76</u>	<u>1.69</u>

B11 – Auditors’ Reports

The audit report on the annual financial statements of the Group and the Company for the preceding financial year does not contain a modified opinion or material uncertainty related to going concern.

B12 – Assets Held-for-Sale

On 22 June 2022, the Group executed the Sales and Purchase Agreement with a third-party buyer for the disposal of a parcel of land and building located in Kuah, Langkawi for a cash consideration of RM2.5 million. These properties were classified as assets held-for-sale. This transaction has been completed in the preceding quarter, and the Group recognised a gain on disposal of RM1.806 million as disclosed in Note B4.

B13 – Investment Designated at FVTPL, Deposits, Bank and Cash Balances

As at the end of the financial period, included in the investment designated at FVTPL, deposits, bank and cash balances totalling RM168.83 million are approximately: -

- RM47.41 million held as securities for banking facilities secured by the Group, of which RM38.43 million is maintained in a debt service reserve account for the fifth tranche of the IMTN and its corresponding interest due on 31 January 2024;
- RM33.26 million is allocated for the payment of the third interim single-tier dividend as recommended by the Board in Note B9 above; and
- RM27.60 million for budgeted capital expenditure for 2024, a significant portion of which is for solar panel replacement and other improvement works.

B14 – Authorisation for Release

These interim financial statements have been reviewed by the Audit and Risk Management Committee and approved by the Board for public release.

By Order of the Board
Tai Yuen Ling (LS0008513)
Tai Yit Chan (MAICSA 7009143)
Company Secretaries
22 November 2023