

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024
(UNAUDITED)

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This Report is authorised by the Board for public release on 25 November 2024

KEY FINANCIAL HIGHLIGHTS

<i>(in RM'000 unless specified otherwise)</i>	9 months ended 30 Sep		Variance
	2024	2023	(%)
	unaudited	unaudited	#
Revenue	350,300	273,295	↑ 28
Gross profit	143,596	93,535	↑ 54
Profit before taxation (“PBT”)	114,757	52,435	> 100
Profit for the period	84,466	40,147	> 100
Earnings per share (“EPS”) (sen)	2.79	1.76	↑ 59
Dividends per share (sen)	4.0	4.95	↓ 19

approximate, to the nearest digit

- The Group recorded a notable increase in revenue of 28%, amounting to RM77.01 million; rising from RM273.30 million to RM350.30 million for the nine (9) months period ended 30 September 2024. This growth stemmed from stronger contributions from all operating subsidiaries, except for, from the water treatment and supply segment.
- The growth in the Group’s revenue was primarily driven by the recognition of government compensation of RM55.28 million by Grand Saga Sdn. Bhd. (“**Grand Saga**”) in respect of a non-increase in scheduled toll hike in 2020 and from the progress in Packages 2 and 3 of Phase 1 of the Sungai Rasau Water Treatment Plant and Water Supply Scheme (“**Rasau Projects**”).
- The decrease in revenue in the water treatment and supply segment was primarily attributed to the decrease in electricity rebates by RM14.41 million in the Sungai Selangor Water Treatment Plant Phase 1 (“**SSP1**”) operations. The lower electricity rebate was due to a decrease in the Imbalance Cost Pass-Through (“**ICPT**”) surcharge imposed by Tenaga Nasional Berhad from RM0.20/kWh to RM0.037/kWh effective from 1 July 2023 and a further reduction to RM0.027/kWh effective from 1 July 2024 until 31 December 2024. The metered sales recorded in SSP1 were lower by 4.7% compared to the corresponding period. Nonetheless, revenue from metered sales was higher by RM9.98 million due to the increase in the Bulk Water Supply Rate from RM0.42/m³ to RM0.48/m³ on 1 January 2024 (“**BWSR Increase**”) as provided under the Bulk Water Supply Agreement with Pengurusan Air Selangor Sdn. Bhd. (“**Air Selangor**”).
- In line with the increase in revenue, the Group recorded a 54% increase in gross profit; reaching RM143.60 million from RM93.54 million achieved in the corresponding period. Other factors contributing to this growth were the BWSR Increase and lower provision of heavy repairs as compared to the corresponding period. However, the increase was partially mitigated by a one-off expense related to the replacement of the solar panels at the Renewable Energy segment. These are reflected in higher upkeep and maintenance expenses and increases in property, plant and equipment written off in the current financial period as disclosed in Note B4.
- Reflecting an increase in gross profit, the Group’s PBT was also higher at RM114.76 million compared to RM52.44 million in the corresponding period. This growth was underpinned by several key factors, including higher sundry income of RM10.67 million in insurance claim recognised in the Renewable Energy segment as disclosed in Note A11(a), higher share of profits from a joint venture company, Grand Sepadu (NK) Sdn Bhd (“**Grand Sepadu**”), due to government compensation on deferred increase of toll rate amounting to RM38.74 million, lower share of losses of associates as well as lower financing costs. Nevertheless, the Group recorded lower net returns from interest income, dividend and net gain on redemption from investments designated at fair value through profit or loss (“**FVTPL**”). In the corresponding period, the Group had recognised a one-off gain from the disposal of investment property alongside higher fair value and foreign exchange gains.
- Corresponding with the higher PBT, profit for the period was higher by RM44.32 million and EPS increased from RM1.76 per share to RM2.79 per share.
- The Board is pleased to declare a third interim single-tier dividend of 2.0 sen per share amounting to RM40.32 million for the current financial quarter ended 30 September 2024 to be payable on 23 December 2024. To-date, the Board has declared a total of 4.0 sen per share amounting to RM80,633,000 in respect of the financial year ending 31 December 2024.

CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	30 Sep 2024 RM'000 (Unaudited)	31 Dec 2023 RM'000 (Audited)
ASSETS			
Property, plant and equipment		108,521	121,072
Right-of-use assets		29,126	31,967
Investment properties		94	96
Intangible assets		934,612	959,438
Investment in joint venture		80,759	71,410
Investment in associates		91,875	107,668
Other investment		200	200
Goodwill on consolidation		132,503	132,503
Long-term other receivable		13,423	13,423
Deposits, cash and bank balances		54,876	45,924
Deferred tax assets		6,053	6,373
Total Non-Current Assets		1,452,042	1,490,074
Inventories		68,055	39,023
Trade receivables		118,927	65,905
Other receivables, deposits and prepayments		13,958	18,590
Tax recoverable		1,276	1,008
Investments designated at fair value through profit or loss	B11	38,865	50,846
Deposits, cash and bank balances	B11	54,773	82,478
Total Current Assets		295,854	257,850
TOTAL ASSETS		1,747,896	1,747,924
EQUITY AND LIABILITIES			
Share capital		438,354	438,354
Merger deficit		(71,500)	(71,500)
Currency translation reserve		833	(615)
Retained earnings		325,463	329,673
Total Equity Attributable to Owners of the Company		693,150	695,912
Non-controlling interests		296,152	267,950
Total Equity		989,302	963,862
LIABILITIES			
Long-term borrowings	B7	229,409	269,215
Lease liabilities		29,459	30,548
Long-term trade payables		1,192	1,629
Provisions		40,179	39,745
Deferred income		53,587	52,401
Deferred tax liabilities		231,404	237,670
Total Non-Current Liabilities		585,230	631,208

CONDENSED STATEMENTS OF FINANCIAL POSITION

		<u>30 Sep 2024</u>	<u>31 Dec 2023</u>
		<u>RM'000</u>	<u>RM'000</u>
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
LIABILITIES			
Trade payables		24,071	28,033
Other payables and accruals		23,649	34,334
Amount due to contract customers		58,985	35,923
Provisions		-	8
Short-term borrowings	B7	46,987	35,000
Lease liabilities		1,821	2,943
Deferred income		3,516	13,989
Tax liabilities		14,335	2,624
Total Current Liabilities		173,364	152,854
TOTAL LIABILITIES		758,594	784,062
TOTAL EQUITY AND LIABILITIES		1,747,896	1,747,924

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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</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	158,001	90,735	350,300	273,295
Cost of operations		(87,405)	(59,786)	(206,704)	(179,760)
Gross profit		70,596	30,949	143,596	93,535
Other operating income		12,129	1,746	15,707	8,791
Administrative and other expenses		(12,379)	(8,974)	(32,169)	(26,991)
Operating profit		70,346	23,721	127,134	75,335
Finance costs		(3,975)	(4,368)	(11,947)	(13,097)
Share of results of joint venture		8,623	4,303	13,850	5,042
Share of results of associates		(8,536)	(5,513)	(14,280)	(14,845)
Profit before tax	B4	66,458	18,143	114,757	52,435
Income tax expense	B5	(18,890)	(3,110)	(30,291)	(12,288)
Profit for the financial period		47,568	15,033	84,466	40,147
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Currency translation		1,223	(59)	1,448	(555)
Total comprehensive income for the financial period		48,791	14,974	85,914	39,592
Profit for the financial period attributable to:					
Owners of the Company		24,253	13,543	56,264	35,404
Non-controlling interests		23,315	1,490	28,202	4,743
		47,568	15,033	84,466	40,147

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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</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>Unaudite</u>
					<u>d</u>
Total comprehensive income for the financial period attributable to:					
Owners of the Company		25,476	13,484	57,712	34,849
Non-controlling interests		23,315	1,490	28,202	4,743
		48,791	14,974	85,914	39,592
Basic and diluted earnings per share attributable to owners of the Company (sen per share)					
	B9	1.20	0.68	2.79	1.76

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024	438,354	(71,500)	(615)	329,673	695,912	267,950	963,862
Profit for the financial period	-	-	-	56,264	56,264	28,202	84,466
Other Comprehensive Income:							
Currency translation differences	-	-	1,448	-	1,448	-	1,448
Total comprehensive income for the financial period	-	-	1,448	56,264	57,712	28,202	85,914
Transactions with Owners of the Company:							
Dividends paid	-	-	-	(60,474)	(60,474)	-	(60,474)
Total transactions with Owners of the Company	-	-	-	(60,474)	(60,474)	-	(60,474)
As of 30 Sep 2024 (unaudited)	438,354	(71,500)	833	325,463	693,150	296,152	989,302

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	<u>Share capital</u> RM'000	<u>Merger deficit</u> RM'000	<u>Attributable to Owners of the Company</u>		<u>Non- controlling interests</u> RM'000	<u>Total Equity</u> RM'000	
			<u>Currency translation reserve</u> RM'000	<u>Retained earnings</u> 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

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2024</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>
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	114,757	52,435
Adjustments for:		
Non-cash items	44,197	35,478
Interest income	(1,779)	(1,542)
Finance costs	11,947	13,097
Operating Profit Before Working Capital Changes	169,122	99,468
Net (increase)/decrease in inventories, amount due from contract customers, trade and other receivables	(111,837)	9,932
Net increase in trade and other payables, provisions and deferred income	44,249	1,769
Cash Generated From Operations	101,534	111,169
Income tax paid	(23,596)	(19,899)
Income tax refunded	51	3,988
Net Cash From Operating Activities	77,989	95,258
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	1,822	1,477
Property, plant and equipment:		
- Proceeds from disposal	173	33
- Purchases	(12,354)	(1,697)
Dividend received from an associate	1,512	864
Dividend received from a joint venture	4,500	3,375
Investments designated at FVTPL:		
- Purchase	(42,724)	(28,463)
- Proceeds from redemption	54,900	86,200
- Dividend income	923	1,868
(Placement)/Withdrawals of deposits pledged as security	(8,945)	120
Net Cash (Used In)/From Investing Activities	(193)	63,777
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Interest paid	(16,152)	(17,702)
Drawdown from borrowings	6,987	-
Repayment of borrowings	(35,064)	(30,055)
Repayment of lease liabilities	(2,245)	(1,994)
Dividends paid (<i>Note A7</i>)	(60,475)	(99,783)
Net Cash Used In Financing Activities	(106,949)	(149,534)

CONDENSED STATEMENTS OF CASH FLOWS

	<u>9 Months</u> <u>ended</u> <u>30 Sep 2024</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>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(29,153)	9,501
Effect of Exchange Rate Changes	1,448	(560)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	82,478	48,854
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	54,773	57,795
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	78,284	75,481
Cash and bank balances	31,365	29,719
Total deposits, cash and bank balances	109,649	105,200
Less: Deposits pledged as security	(54,876)	(47,405)
	54,773	57,795

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 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 2023 (“**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 material 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 the MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial years beginning on or after 1 January 2024.

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no material impact 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 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 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 121	Lack of Exchangeability
MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments
Annual Improvement to MFRS Standards-Volume 11	

The Board anticipates that the abovementioned 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 2024</u>	<u>30 Jun 2024</u>	<u>30 Sep 2023</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>
1 US Dollar (USD)	4.12	4.72	4.69
1 Singapore Dollar (SGD)	3.22	-	-

A2 – Comments about the Seasonal or Cyclical 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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</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 plants	48,104	46,066	147,151	150,222
Toll revenue and operator fee	20,297	19,662	59,344	56,282
Revenue from construction contracts	21,317	14,213	52,373	33,325
Sales of electricity	8,404	6,229	22,431	19,454
Management fees	1,083	938	3,249	3,249
	<u>99,205</u>	<u>87,108</u>	<u>284,548</u>	<u>262,532</u>
<i>Revenue from other sources:</i>				
Deferred income	3,516	3,627	10,472	10,763
Government compensation	55,280	-	55,280	-
Revenue as per Condensed Statement of Comprehensive Income	<u>158,001</u>	<u>90,735</u>	<u>350,300</u>	<u>273,295</u>
<i>Timing of revenue recognition for revenue from contracts with customers:</i>				
At a point in time	76,805	71,957	228,926	225,958
Over time	22,400	15,151	55,622	36,574
	<u>99,205</u>	<u>87,108</u>	<u>284,548</u>	<u>262,532</u>

A5 – Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years of the Group that have 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 RM60,474,000 (2023: RM99,783,000) as follows: -

- (a) On 27 February 2024, the Board declared a fourth interim single-tier dividend of 1.0 sen per share on 2,015,817,574 ordinary shares amounting to RM20,158,000 in respect of the financial year ended 31 December 2023 which was paid on 29 March 2024.
- (b) On 14 May 2024, the Board declared a first interim single-tier dividend of 1.0 sen per share on 2,015,817,574 ordinary shares amounting to RM20,158,000 in respect of the financial year ending 31 December 2024 which was paid on 28 June 2024.
- (c) On 26 August 2024, the Board declared a second interim single-tier dividend of 1.0 sen per share on 2,015,817,574 ordinary shares amounting to RM20,158,000 in respect of the financial year ending 31 December 2024 which was paid on 27 September 2024.

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 18 November 2024 (being a date not earlier than 7 days from the date of these interim financial statements).

A10 – Changes in Composition of the Group

Except as disclosed below, 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: -

The Company's wholly-owned subsidiary, Taliworks Renewables Sdn. Bhd. (“**TRSB**”) has incorporated four (4) wholly-owned subsidiaries in Singapore, comprising direct and indirect subsidiaries, in accordance with the Companies Act 1967 of the Republic of Singapore.

The details are as follows:

- (a) Taliworks Renewables Singapore Pte. Ltd. (“**TRSPL**”), incorporated on 29 July 2024 as a wholly-owned subsidiary of TRSB with an issued share capital of SGD1;
- (b) TRS Uno Pte Ltd, incorporated on 31 July 2024 as a wholly-owned subsidiary of TRSPL with an issued share capital of SGD1;
- (c) TRS Dos Pte Ltd, incorporated on 31 July 2024 as a wholly-owned subsidiary of TRSPL with an issued share capital of SGD1; and
- (d) TRS Tres Pte Ltd, incorporated on 31 July 2024 as a wholly-owned subsidiary of TRSPL with an issued share capital of SGD1.

A11 – Other Significant Events and Transactions

Except as disclosed below, 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:-

- (a) On 26 July 2024, TR CPark Sdn. Bhd. (“**TR Cpark**”) and TR Sepang Sdn. Bhd. (“**TR Sepang**”), wholly owned subsidiaries of TRSB, had entered into three (3) separate agreements with a third-party insurance company for the acceptance of insurance payments totalling USD2,323,711.65 (or RM10,672,807.61 based on MYR/USD exchange rate of 4.5930 published on Bank Negara Malaysia’s website as at 31 July 2024).

Details of the announcement by the Company can be downloaded at:

https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3470281

- (b) During the financial quarter, TR Cpark and TR Sepang completed the replacement of its old solar panels at a total cost of RM19.02 million, comprising RM11.43 million of new panels costs and RM7.59 million of contractor costs for solar replacement work. The replacement also involved a write-off of RM15.13 million for the old panels.

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		Renewable energy		Others		Total		Reconciliation		Amount as per Statement of	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	48,104	46,066	87,965	86,025	21,317	14,213	55,523	22,171	8,404	6,229	2,595	938	223,908	175,642	(65,907)	(84,907)	158,001	90,735
EBITDA(i)	17,075	14,075	7,776	12,548	775	2,791	52,349	16,819	(7,809)	5,069	7,273	908	77,439	52,210	5,010	(16,141)	82,449	36,069
Depreciation and amortisation	(121)	(93)	(3,006)	(1,977)	(3)	(5)	(6,381)	(6,347)	(2,656)	(2,882)	(757)	(796)	(12,924)	(12,100)	821	(248)	(12,103)	(12,348)
Operating profit	16,954	13,982	4,770	10,571	772	2,786	45,968	10,472	(10,465)	2,187	6,516	112	64,515	40,110	5,831	(16,389)	70,346	23,721
Finance costs	(6)	-	(8,563)	(7,608)	-	-	(2,030)	(2,289)	(120)	(130)	(314)	(343)	(11,033)	(10,370)	7,058	6,002	(3,975)	(4,368)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,623	4,303	8,623	4,303
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,536)	(5,513)	(8,536)	(5,513)
Profit before tax	16,948	13,982	(3,793)	2,963	772	2,786	43,938	8,183	(10,585)	2,057	6,202	(231)	53,482	29,740	12,976	(11,597)	66,458	18,143
Income tax expense	(3,725)	(3,156)	(1,747)	(5,738)	-	(18)	(10,802)	(2,306)	(16)	133	(169)	924	(16,459)	(10,161)	(2,431)	7,051	(18,890)	(3,110)
Profit for the financial year	13,223	10,826	(5,540)	(2,775)	772	2,768	33,136	5,877	(10,601)	2,190	6,033	693	37,023	19,579	10,545	(4,546)	47,568	15,033
EBDA(ii)	13,344	10,919	(2,534)	(798)	775	2,773	39,517	12,224	(7,945)	5,072	6,790	1,489	49,947	31,679	9,724	(4,298)	59,671	27,381
Capex(iii)	269	56	2,153	9,728	152	19	54	108	11,478	32	27	44	14,133	9,987	-	-	-	-

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		Renewable energy		Others		Total		Reconciliation		Amount as per Statement of Comprehensive Income	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	147,151	150,222	261,754	255,842	52,373	33,325	93,837	53,975	22,431	19,454	4,761	3,249	582,307	516,067	(232,007)	(242,772)	350,300	273,295
EBITDA(i)	52,273	46,299	39,965	36,566	1,765	3,110	84,232	41,084	4,506	17,297	1,823	(3,048)	184,564	141,308	(20,536)	(29,598)	164,028	111,710
Depreciation and amortisation	(348)	(274)	(8,704)	(5,202)	(12)	(16)	(19,064)	(18,616)	(8,446)	(8,627)	(2,352)	(2,350)	(38,926)	(35,085)	2,032	(1,290)	(36,894)	(36,375)
Operating profit	51,925	46,025	31,261	31,364	1,753	3,094	65,168	22,468	(3,940)	8,670	(529)	(5,398)	145,638	106,223	(18,504)	(30,888)	127,134	75,335
Finance costs	(18)	-	(25,418)	(22,242)	-	-	(6,228)	(7,112)	(367)	(391)	(941)	(1,026)	(32,972)	(30,771)	21,025	17,674	(11,947)	(13,097)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,850	5,042	13,850	5,042
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,280)	(14,845)	(14,280)	(14,845)
Profit before tax	51,907	46,025	5,843	9,122	1,753	3,094	58,940	15,356	(4,307)	8,279	(1,470)	(6,424)	112,666	75,452	2,091	(23,017)	114,757	52,435
Income tax expense	(11,973)	(10,171)	(11,342)	(16,202)	-	(18)	(14,996)	(4,635)	165	327	(169)	1,037	(38,315)	(29,662)	8,024	17,374	(30,291)	(12,288)
Profit for the financial year	39,934	35,854	(5,499)	(7,080)	1,753	3,076	43,944	10,721	(4,142)	8,606	(1,639)	(5,387)	74,351	45,790	10,115	(5,643)	84,466	40,147
EBDA(ii)	40,282	36,128	3,205	(1,878)	1,765	3,092	63,008	29,337	4,304	17,233	713	(3,037)	113,277	80,875	8,083	(4,353)	121,360	76,522
Capex(iii)	481	167	12,469	21,032	165	122	177	431	11,600	460	36	320	24,928	22,532				

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. Goodwill has been allocated to its reportable segments.*
- 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 segmental information on 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	<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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</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>
	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
Segment assets	106,326	107,328	78,054	100,331	89,216	73,752	1,280,068	1,240,255	149,576	173,720	44,656	66,599	1,747,896	1,761,985
Segment liabilities	(29,619)	(22,914)	-	-	(79,162)	(60,489)	(586,938)	(624,596)	(37,846)	(39,079)	(25,029)	(27,247)	(758,594)	(774,325)
Net segment assets	76,707	84,414	78,054	100,331	10,054	13,263	693,130	615,659	111,730	134,641	19,627	39,352	989,302	987,660

**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 2024 (Unaudited) RM’000	As at 31 Dec 2023 (Audited) RM’000	Variance (%) #
Total assets	1,747,896	1,747,924	-
Total liabilities	758,594	784,062	↓ 3
Total shareholders’ equity	989,302	963,862	↑ 3
Return on equity (%)*	8.65	4.92	↑ 76
Net assets per share (sen)	34.39	34.52	-

* *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 did not varied significantly from the Audited Financial Statements primarily due to counterbalancing changes in the carrying amounts of assets. The following asset classes recorded a decline in the carrying amounts:-

- (i) investments designated at FVTPL, cash and bank balances by RM30.73 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 a subsidiary, Cerah Sama Sdn Bhd (“**Cerah Sama**”), and interest payments during the financial period;
- (ii) property, plant and equipment by RM12.55 million and intangible assets by RM24.83 million due to depreciation and amortisation charges; and
- (iii) investments in associates by RM15.79 million mainly due to share of losses of SWM Environment Holdings Sdn Bhd (“**SWMEH**”) during the financial period.

On the other hand, the following asset classes recorded an increase in the carrying amounts: -

- (i) inventories by RM29.03 million, mainly from materials purchased and delivered on site for the Rasau Projects but yet to be installed or consumed;
- (ii) trade and other receivables by RM48.39 million mainly due to recognition of government compensation by Grand Saga in the current financial period; and
- (iii) investment in joint venture by RM9.35 million due to higher share of profits from Grand Sepadu during the financial period.

(b) Total liabilities decreased by 3% or RM25.47 million, primarily due to the reduction in borrowings from the redemption of the fifth tranche of the IMTN of RM30.00 million, repayment of revolving credit of RM5.00 million and lower trade and other payables by RM15.08 million. Nonetheless, the amount due to contract customers increased by RM23.06 million due to higher inventory purchased. Additionally, increase in short-term borrowings and tax provision moderated the overall decline in total liabilities.

(c) As at 30 September 2024, the net assets per share stood at 34.39 sen, a decrease from 34.52 sen recorded on 31 December 2023.

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 2024</u> <u>RM’000</u> <u>unaudited</u>	<u>3 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 2024</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>
<i>Revenue</i>				
Water treatment and supply	48,104	46,066	147,151	150,222
Construction	21,317	14,213	52,373	33,325
Toll highway	79,093	23,289	125,096	67,045
Renewable energy	8,404	6,229	22,431	19,454
Others	1,083	938	3,249	3,249
Revenue as per Condensed Statement of Comprehensive Income	158,001	90,735	350,300	273,295
<i>Profit Before Tax</i>				
	<u>3 Months</u> <u>ended</u> <u>30 Sep 2024</u> <u>RM’000</u> <u>unaudited</u>	<u>3 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 2024</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>
Water treatment and supply	16,950	13,984	51,921	46,029
Construction	762	2,779	1,726	3,070
Toll highway	66,581	7,974	87,962	26,279
Renewable energy	(10,458)	2,187	(3,933)	8,670
Others	(3,489)	(3,203)	(10,542)	(8,713)
Operating profit	70,346	23,721	127,134	75,335
Finance cost	(3,975)	(4,368)	(11,947)	(13,097)
Share of results of joint venture	8,623	4,303	13,850	5,042
Share of results of associates	(8,536)	(5,513)	(14,280)	(14,845)
Profit before tax for the financial period	66,458	18,143	114,757	52,435

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

Overall Summary

For the current quarter, the Group reported a higher revenue of RM158.00 million as compared to RM90.74 million in the corresponding quarter. The higher revenue was mainly contributed by higher revenue from all operating subsidiaries, especially the government compensation recognised by the toll highway segment.

Aligned with higher revenue, the Group reported a higher PBT of RM66.46 million, as compared to RM18.14 million in the corresponding quarter. The increase in PBT was mainly attributable to the following: -

- (a) Recognition of government compensation, higher Average Daily Traffic (“ADT”) and lower provision of heavy repairs in the Grand Saga and Grand Sepadu highways.

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 lower provision of heavy repairs in the toll highway segment was a result of a reassessment of the basis of estimation based on the independent pavement condition assessment conducted annually as disclosed in Note 39 of the Audited Financial Statements;

- (b) higher sundry income in the current quarter due to higher insurance claims received by renewable energy segment as detailed in Note A11 above; and
- (c) BWSR Increase from the water treatment and supply segment and lower financing costs.

However, these PBT gains were impacted by: -

- (a) write-off of property, plant and equipment from the replacement of solar panels at TR Sepang and TR CPark referred to in Note A11(b);
- (b) higher upkeep and maintenance expenditure totaling RM14.84 million (Q3FY23: RM9.36 million), primarily from associated contractor costs in replacing the solar panels referred to in (a) above;
- (c) higher share of losses from an associate, SWMEH of RM9.17 million (Q3FY23: RM5.94 million);
- (d) higher net foreign exchange losses of RM2.32 million (Q3FY23: a net foreign exchange gain of RM0.05 million) due to currency fluctuations in the renewable energy segment in the current quarter; and
- (e) lower net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL in the current quarter.

Water treatment and supply

The segment generated a revenue of RM48.10 million (Q3FY23: RM46.07 million), comprising of metered sales of RM39.98 million (Q3FY23: RM37.38 million) and electricity and chemical rebates of RM8.12 million (Q3FY23: RM8.69 million) respectively. The increase in the segment’s revenue was driven by higher revenue from metered sales and chemicals rebates. The growth in revenue from metered sales was contributed by the BWSR Increase despite a 6.4% drop in metered sales. The reduction in the ICPT to RM0.027/kWh, down from RM0.037/kWh effective from 1 July 2024 has resulted in a decrease in the electricity rebates.

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

SSP1	Q3 2024	Q3 2023	Variance (%)
Metered Sales (million m ³)	83.3	89.0	↓ 6.4
Number of billing days	92	92	
Average MLD	905	967	↓ 6.4

In line with growth in revenue, the segment’s operating profit rose from RM13.98 million to RM16.95 million. The higher operating profit was also due to lower rehabilitation and maintenance expenses totalling RM5.42 million (Q3FY23: RM5.79 million).

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)

Construction

The construction segment recorded a notable increase in revenue, rising by RM7.10 million to RM21.32 million primarily due to the on-going progress in the Rasau Projects. However, despite the higher revenue, the segment registered a lower operating profit as a consequence of the upward revision in the contract sum and margin arising from the issuance of final account for the Langat 2 – Package 7 Balancing Reservoir Project (“**L2P7 Project**”) in the corresponding quarter. There was no revenue and profit contribution from L2P7 project in the current quarter as it was completed in the previous year.

Toll highway – Subsidiary

ADT	Q3 2024	Q3 2023	Variance (%)
Grand Saga Highway (vehicles per day)	164,154	159,224	↑ 3.1

The revenue for Grand Saga grew by RM55.81 million in the current quarter, largely due to the recognition of government compensation amounting to RM55.28 million. The opening of the Sungai Besi–Ulu Klang Elevated Expressway (“**SUKE Expressway**”) in September 2022, along with a new extended contra-flow system to alleviate congestion, also significantly improved traffic flow on the Grand Saga Highway. This resulted in a 3.1% increase in ADT for Grand Saga, which is equivalent to an additional RM0.64 million in toll collection for the current quarter.

Operating profit rose to RM66.58 million, compared to RM7.97 million in the same quarter last year, primarily from the government compensation.

Renewable energy

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

	Q3 2024	Q3 2023	Variance (%)
Total energy output (MWh)	7,075	5,254	↑ 34.7

The revenue contributed by the renewable energy segment in the current quarter increased by RM2.18 million, driven by a 34.7% rise in energy output. The higher energy output arose from the completion of replacement of solar panels at TR Sepang and TR CPark in the current quarter.

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 higher revenue, operating profit decreased significantly from RM2.19 million to an operating loss of RM10.46 million. This was primarily due to: -

- (a) the write-off of the old solar panels as well as the associated contractor costs of the solar replacement project. These are reflected in higher property, plant and equipment written off amounting to RM15.13 million and higher upkeep and maintenance expenses in the current quarter of RM7.91 million (Q3FY23: RM0.57 million); and
- (b) a net foreign exchange loss of RM2.30 million as compared to a net foreign exchange gain of RM0.05 million recorded in the corresponding quarter.

The lower operating profit was then mitigated by higher insurance claim received during the current quarter amounting to RM10.67 million.

Toll highway – Share of results of joint venture

ADT	Q3 2024	Q3 2023	Variance (%)
Grand Sepadu Highway (vehicles per day)	90,491	88,925	↑ 1.8

The Group’s share of results from Grand Sepadu was higher by RM4.32 million due to higher toll compensation recognised of RM26.18 million (Q3FY23: RM13.83 million). The higher share of results was also contributed by the improved ADT by 1.8%, lower repair and maintenance expenses, provisions for heavy repairs, and finance costs in the current quarter. The tax expenses were higher as compared to the corresponding quarter at RM8.73 million (Q3FY23: RM5.09 million) corresponding with increased profitability.

Waste management – Associate

The Group’s share of results of associates is mainly contributed by SWMEH. The Group’s share of losses from SWMEH was higher at RM9.17 million as compared to RM5.94 million in the corresponding quarter due to the lower PAT recorded in SWMEH.

At SWMEH, revenue from both solid waste collection and public cleansing services was higher by 2.3% in the current quarter. Despite the increase in revenue, SWMEH recorded a lower PAT of RM36.95 million as compared to RM44.85 million in the corresponding quarter attributable to higher expenses, amongst others, subcontractor cost, provision for loss allowance on receivables, depreciation and finance cost during the current quarter. However, SWMEH incurred lower payroll-related costs and taxes in the current quarter.

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

Overall Summary

The Group's revenue rose by RM77.01 million, reaching RM350.30 million for the current financial period and this was largely due to higher contributions from all operating subsidiaries, except for, from the water treatment and supply segment.

Similarly, PBT also showed better performance, and this was mainly attributable to the following: -

- (a) Recognition of government compensations, higher ADT and lower provision of heavy repairs in the Grand Saga and Grand Sepadu highways in the current financial period;
- (b) higher sundry income in the current quarter due to receipt of insurance claims by the Renewable Energy segment as disclosed in Note A11(a);
- (c) BWSR Increase in the water treatment and supply segment; and
- (d) lower share of losses from SWMEH and financing costs.

However, this increase was tempered by: -

- (a) the write-off in property, plant and equipment amounting to RM15.13 million and the higher rehabilitation and maintenance expenses amounting to RM27.69 million (YTD Q3FY23: RM19.63 million) in the current financial period; primarily due to associated cost on the replacement of solar panels at TR Sepang and TR CPark;
- (b) lower net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL in the current financial period; and
- (c) a one-off gain on disposal of investment property, as well as higher fair value and foreign exchange gains in the corresponding financial period.

Water treatment and supply

At the operating level, the water treatment and supply segment generated a revenue of RM147.15 million, down from RM150.22 million in the previous year. This decline was largely attributed to reduced electricity rebates in the SSP1 operations in line with reduction of ICPT surcharge. However, the lower electricity rebate has no impact to the SSP1 operations as the reduction in the ICPT surcharges led to lower electricity costs. Despite a 4.7% drop in metered sales, revenue from metered sales recorded an increase as compared to the corresponding period, supported by the BWSR Increase. Metered sales accounted for RM121.52 million (YTD Q3FY23: RM111.54 million) with the balance in electricity and chemical rebates.

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)

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

SSP1	YTD Sep 2024	YTD Sep 2023	Variance (%)
Metered Sales (million m ³)	253.2	265.6	↓ 4.7
Number of billing days	274	273	
Average MLD	924	973	↓ 5.0

The segment’s operating profit was higher at RM51.92 million as compared to RM46.03 million a year ago in tandem with the increase in revenue from metered sales. Nevertheless, the profits were impacted by higher rehabilitation and maintenance expenses of RM16.30 million (YTD Q3FY23: RM14.22 million) and a decrease in net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL of RM0.76 million (YTD Q3FY23: RM1.07 million). In the corresponding financial period, the segment recorded a one-off gain on disposal of an investment property amounting to RM1.81 million and fair value gains.

Construction

During the financial period, the Rasau Projects demonstrated strong and steady progress, driving a notable increase in revenue compared to the same period last year. Despite the higher revenue, operating profit lower at RM1.73 million as compared to RM3.07 million in the corresponding period. This was primarily attributable to the upward revision in the contract sum and margin arising from the final account issuance for the L2P7 Project in the corresponding period. No revenue or profits were recognised for the current financial year as this project was completed in the previous year.

Toll operations - Subsidiary

ADT	YTD Sep 2024	YTD Sep 2023	Variance (%)
Grand Saga Highway (vehicles per day)	163,607	157,159	↑ 4.1

During the current financial period, the revenue in Grand Saga jumped from RM67.05 million to RM125.10 million mainly from the government compensation recognition of RM55.28 million. As a result, operating profit increased to RM87.96 million, as compared to RM26.28 million in the corresponding period. In the current financial period, no provision for heavy repairs was made (YTD Q3FY23: RM3.70 million) and repair and maintenance expenses were lower at RM3.05 million (YTD Q3FY23: RM3.92 million).

Renewable energy

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

	YTD Sep 2024	YTD Sep 2023	Variance (%)
Total energy output (MWh)	18,968	16,371	↑ 15.9

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 (continued)

Revenue showed an increase by RM2.98 million in line with the higher total energy output by 15.9%. The higher energy output arose from the completion of the replacement of solar panels at TR Sepang and TR CPark undertaken during the financial period.

However, the segment reported an operating loss of RM3.93 million in the current financial period, in contrast to an operating profit of RM8.67 million in the corresponding period. The operating loss resulted from:

- a) write-off of property, plant and equipment and associated contractor costs incurred in the current financial period; and
- b) a net foreign exchange loss of RM2.56 million as compared to a net foreign exchange gain of RM0.56 million recorded in the corresponding period.

However, the overall financial performance benefited from insurance claims proceeds received during the current financial period.

Toll operations - Share of results of joint venture

ADT	YTD Sep 2024	YTD Sep 2023	Variance (%)
Grand Sepadu Highway (vehicles per day)	89,668	88,358	↑ 1.5

The Group's share of results in Grand Sepadu rose by RM8.81 million, mainly due to an increase in toll compensation recognised at RM38.74 million (YTD Q3FY23: RM13.83 million). This improved performance was also supported by higher ADT, lower provisions for heavy repairs, repair and maintenance expenses, and finance costs during the current quarter. During the corresponding period, higher tax expenses, as well as depreciation and amortisation charges, were recorded at RM15.92 million (YTD Q3FY23: RM8.50 million) and RM12.26 million (YTD Q3FY23: RM11.95 million), respectively.

Waste management - Share of results of associate

The Group's share of losses from SWMEH was slightly lower at RM16.12 million compared to RM16.20 million in the corresponding period, reflecting an improvement in the PAT recorded by SWMEH. To equity account the results of SWMEH, the Group made a group adjustment of RM188.68 million (YTD Q3FY23: RM184.38 million) to SWMEH's PAT. The PAT of SWMEH increased to RM142.61 million as compared to RM138.10 million driven by higher revenue and other operating income (primarily from the one-off gain of RM13.72 million from disposal of investment), lower payroll-related costs, lower provision for loss allowance on receivables, and taxes. However, SWMEH incurred higher subcontractor costs, depreciation, repair and maintenance expenses and finance costs in the current financial period.

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 2024 RM’000 unaudited</u>	<u>3 Months ended 30 Jun 2024 RM’000 unaudited</u>
<i>Revenue</i>		
Water treatment and supply	48,104	48,153
Construction	21,317	19,258
Toll highway	79,093	23,092
Renewable energy	8,404	7,386
Others	1,083	1,083
Total revenue as per Condensed Statement of Comprehensive Income	158,001	98,972
<i>Profit Before Tax</i>		
Water treatment and supply	16,950	16,627
Construction	762	685
Toll highway	66,581	10,935
Renewable energy	(10,458)	3,053
Others	(3,489)	(2,891)
Operating profit	70,346	28,409
Finance cost	(3,975)	(3,922)
Share of results of joint venture	8,623	823
Share of results of associates	(8,536)	(189)
Profit before tax for the financial period	66,458	25,121

In the current quarter, the Group revenue increased from RM98.97 to RM158.00 million in the current quarter mainly due to higher contribution from all operating subsidiaries, except for, from the water treatment and supply segment which recorded a marginal decrease.

In line with the higher revenue, the PBT of the Group increased by RM41.34 million to RM66.46 million from RM25.12 million recorded in the previous quarter. This growth was primarily attributable to the government compensation and higher sundry income from insurance claims received by renewable energy segment. However, the better performance was impacted by of property plant and equipment written off in the renewable energy segment, higher rehabilitation and maintenance expenses and higher share of losses from SWMEH.

For the water treatment and supply segment, the operating revenue only showed a marginal decrease as compared to preceding quarter. The revenue was impacted by a reduction in electricity rebates due to lower ICPT surcharge effective from 1 July 2024. The metered sales saw a slight increase to 83.30 million m³ (or 905 MLD) compared to 82.31 million m³ (or 904 MLD) in the previous quarter. This resulted in a modest increase of RM0.32 million in the operating profit.

The construction segment’s revenue and operating profit increased when compared to previous quarter due to higher work progress of the Rasau Projects.

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)

For the Grand Saga Highway, revenue and operating profit were significantly higher, driven by the government compensation, while ADT remained stable at 164,154 vehicles per day, compared to 164,171 vehicles per day in the previous quarter. The operating profit was however impacted by the higher repair and maintenance expenses incurred in the current quarter.

Likewise, the government compensation contributed significantly to the Group’s share of results from Grand Sepadu. However, the higher share of results was impacted by higher repair and maintenance, as well as taxes in the current quarter.

In the renewable energy segment, revenue increased by RM1.02 million due to a 12.5% increase in total energy output, reaching 7,075 MWh as compared to 6,290 MWh in the previous quarter. The increase in the total energy output was attributed to a higher average performance ratio of the newly replaced solar panels. However, the segment registered an operating loss due to property, plant and equipment written off and higher upkeep and maintenance expenses incurred associated with the solar replacement project, as well as higher net foreign exchange losses recorded in the current quarter. Nonetheless, the operating profit was partially offset by the higher of insurance claim received with the current quarter.

The Group’s share of losses in SWMEH was significantly higher at RM9.17 million as compared to RM0.98 million in the preceding quarter due to lower PAT recorded by SWMEH. Despite the higher revenue from both solid waste collection and public cleansing services, SWMEH recorded a lower PAT of RM36.95 million as compared to RM59.96 million primarily due to a one-off other operating income in the previous quarter, and a higher provision for loss allowance on receivables and payroll related cost in the current quarter. However, the higher share of losses was mitigated lower subcontractor cost and taxes in the current quarter.

Part C – Review of Statement of Cash Flow

	<u>9 Months ended</u> <u>30 Sep 2024</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months ended</u> <u>30 Sep 2023</u> <u>RM'000</u> <u>unaudited</u>	Variance (%)
Net cash from operating activities	77,989	95,258	↓ 18
Net cash (used in)/from investing activities	(193)	63,777	> 100
Net cash used in financing activities	(106,949)	(149,534)	↓ 28

Net cash from operating activities for the financial period was lower by RM17.27 million or 18% primarily attributable to purchase of inventories for the Rasau Projects, lower payments from trade and other receivables as well as contract customers. The lower net cash from operating activities was also a result of higher income tax paid, higher trade and other payables payments made, and a tax refund received in the corresponding period.

Net cash from investing activities for the financial period was lower by RM63.97 million, or above 100%, primarily due to higher purchases of property, plant and equipment driven by the solar panel replacement exercises, lower net proceeds from redemption of investments designated at FVTPL, as well as higher pledged deposits in the debt service reserve account during the current financial period. Nonetheless, the decrease in net cash from investing activities was mitigated by higher dividend received from a joint venture and an associate in the current financial period.

Net cash used in financing activities for the financial period was lower by RM42.59 million or 28% due to lower dividend payment to shareholders, lower net loan repayments and interest paid as compared to the corresponding period.

B2 – Prospects

The profitability of the Group is predominantly 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. During the financial period, even though there was a consistent and sustained demand for treated raw water in the Klang Valley, there has been a gradual decrease in the metered sales from the water treatment plants located along the Sungai Selangor basin including from SSP1. This could be attributed to Air Selangor rationalising production in the southern region, allowing for the redistribution of excess water from the Langat 2 Water Treatment Plant to the northern region. Nonetheless, the Group is closely monitoring its production to ensure that designated quality and quantity are adhered to comply with the BWSA with Air Selangor.

Additionally, in accordance with the BWSA, SSP1 is obligated to construct a residual treatment facility (“RTF”) within the next two years. The construction of the RTF will provide a more sustainable and environmentally responsible method of managing the residuals which are the necessary by-products of the water treatment process. The RTF, approximately of RM85 million, will be recognised as an intangible asset to be depreciated over the remaining tenure of the BWSA, upon completion. The construction cost shall be funded by bank borrowings and/or internally generated funds, after taking into account internal working capital requirements.

The toll highway segment, particularly the Grand Saga Highway, has experienced a significant improvement in performance this year, largely due to the substantial government compensation recognised during the current financial period. The heightened economic activities and developments occurring along and beyond the highway coupled with the opening of the SUKE Expressway, will continue to increase the traffic volume for the foreseeable future. This augurs well for the segment's overall results.

In the renewable energy segment, the operating performance has recorded improvement following the completion of solar panel replacement in all the sites. TR SaTerm has successfully completed its panel replacement in the fourth quarter of 2022 whereas TR Cpark and TR Sepang completed theirs in July of this year. The Group has recognised the renewable energy sector as one of the key growth areas and it will continue to pursue opportunities to expand its investment portfolio in this sector.

For the construction segment, the Group is currently undertaking Packages 2 and 3 of the Rasau Projects with a total project value of RM896 million. These projects are sizeable and involve several local authorities and jurisdictions, securing regulatory approvals on a timely basis has been a challenge and the delay by the authorities in granting the requisite approvals, have somewhat impeded the progress of the projects. Nevertheless, extension of time (“EOT no. 1”) has been granted by Air Selangor to complete these packages by 29 November 2025 and 19 December 2025 respectively. An additional EOT application no. 2 was submitted in the current quarter and is currently awaiting approval from Air Selangor. Other than the Rasau Projects, the Group is also looking to tender for other infrastructure-related works to boost the order book.

For the waste management segment, SWMEH remains a profitable entity and continues to register growth in revenue from both solid waste collection and public cleansing services mainly from increasing areas to be serviced. Whilst it manages its operations in accordance with the SWMEH concession agreement to provide essential waste management services to the consumers, the protracted delay in the authorities to grant a tariff revision continues to be a key issue as it affects the company's ability to incur capital expenditure to procure new vehicles. As a result of the delay, the Group expects to record share of losses until the tariff revision is resolved. Discussions are on-going between SWMEH and the Ministry of Housing and Local Government for a second cycle tariff review under the terms of the concession agreement. In the recent Malaysia's Budget 2025 announcement, the minimum wage is set to be increased to RM1,700 effective February 2025 and mandatory EPF contributions are to be made to non-citizen workers. These measures will impact SWMEH's profitability as it relies heavily on foreign workers. Despite these challenges, SWMEH remains committed to rationalise its costs and optimise its operational efficiency.

The Group continues to focus on its growth strategies, prioritising investing and growing its infrastructure and utility businesses and intends to prioritise its resources for these purposes.

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

	3 Months ended 30 Sep		9 Months ended 30 Sep	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</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	554	576	1,779	1,542
Dividend from investments designated at FVTPL	305	532	928	1,868
Rental income	123	124	283	287
Gain on redemption of investments designated at FVTPL	54	189	267	258
Gain on foreign exchange (realised)	-	-	-	1
Gain on foreign exchange (unrealised)	(39)	83	-	923
Fair value changes	-	-	2	370
Gain on disposal of property, plant and equipment and sundry income	11,132	242	12,448	1,736
Gain on disposal of investment property	-	-	-	1,806
<i>Cost of operations, administrative and other expenses:</i>				
Depreciation and amortisation	(12,103)	(12,348)	(36,894)	(36,375)
Property, plant and equipment written off	(15,129)	-	(15,131)	(2)
Upkeep and maintenance	(14,844)	(9,357)	(27,687)	(19,629)
Imputed interest on borrowing	(65)	(77)	(193)	(230)
Loss on fair value changes	19	-	(78)	-
Loss allowance on trade and other receivables and amount due from contract customers	(3)	(19)	(28)	(115)
Loss on foreign exchange (unrealised)	(2,002)	(25)	(2,294)	(351)
Loss on foreign exchange (realised)	(275)	(5)	(277)	(6)
Reversal of interest income imputed on retention sum	12	10	(14)	(24)

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>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</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	21,129	5,548	36,237	20,174
Deferred tax expense	(2,239)	(2,438)	(5,946)	(7,886)
Total income tax expense	18,890	3,110	30,291	12,288
Effective tax rate	28.4%	17.1%	26.4%	23.4%

B6 – Status of Corporate Proposals Announced but not Completed

There was no corporate proposal announced but not completed as of 18 November 2024, 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 2024 (unaudited)</u>			
Secured- IMTN	229,409	40,000	269,409
Unsecured-Corporate credit card facility from a financial institution	-	6,987	6,987
	229,409	46,987	276,396
<u>30 Sep 2023 (unaudited)</u>			
Secured- IMTN	269,138	30,000	299,138

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 fifth tranche of the IMTN amounting to RM30 million in nominal value was redeemed in full at maturity in January 2024. As at the end of the financial period, the remaining balance of the IMTN amount to RM270 million, which is repayable between 2025 and 2030. The next tranche, amounting to RM40 million in nominal value, is scheduled for redemption in January 2025.

During the current quarter, the Group has secured corporate credit card facilities from a financial institution with a total approved credit limit of RM10.2 million primarily for the payment of TNB billings incurred by SSP1. The corporate card offered a credit period term of twenty (20) days from the date of issuance of the credit card statements. As at the end of the financial period, the outstanding balance of the corporate credit cards amounted to RM6,987,000.

B8 – Changes in Material Litigations

The Group does not have any material litigation since the date of the last annual statement of financial position to 18 November 2024, being a date not earlier than 7 days from the date of these interim financial statements.

B9 – 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.

	<u>3 Months ended 30 Sep</u>		<u>9 Months ended 30 Sep</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
Profit for the financial period attributable to owners of the Company (RM'000)	24,253	13,543	56,264	35,404
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>1.20</u>	<u>0.68</u>	<u>2.79</u>	<u>1.76</u>

B10 – 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.

B11 – 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 RM148.51 million are: -

- (a) RM54.88 million held as securities for banking facilities secured by the Group, of which RM47.32 million is maintained in a debt service reserve account for the sixth tranche of the IMTN and its corresponding interest due on 31 January 2025; and
- (b) RM12.09 million of budgeted capital expenditure for improvement works in all operating segments.

B12 – Dividends

The Board is pleased to declare a third interim single-tier dividend of 2.0 sen per share on 2,015,817,574 shares amounting to RM40,316,000 in respect of the financial year ending 31 December 2024, to be payable on 23 December 2024.

For the current financial period, the Board has declared a total single-tier dividend of 4.0 sen to shareholders amounting to RM80,633,000 (2023: 4.95 sen per share amounting to RM99,783,000) in respect of the financial year ending 31 December 2024.

B13 – 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
25 November 2024