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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2026 (UNAUDITED)

CONTENTS

This Report is authorised by the Board for public release on 20 August 2026

KEY FINANCIAL HIGHLIGHTS

(in RM'000 unless specified otherwise)	6 months ended 30 June 2026 unaudited	6 months ended 30 June 2025 unaudited	Variance (%) #
Revenue	249,156	218,537	↑ 14
Gross profit	80,626	77,712	↑ 4
Profit before taxation ("**PBT**")	38,030	41,525	↓ 8
Profit for the period	24,840	30,022	↓ 17
Earnings per share ("**EPS**") (sen)	1.02	1.19	↓ 14
Dividends per share (sen)	0.50	1.00	↓ 50

approximate, to the nearest digit

- The Group recorded revenue of RM249.16 million for the financial period ended 30 June 2026, representing an increase of 14% from RM218.54 million in the corresponding period. The higher revenue was primarily attributable to stronger contributions from all operating segments, except for the toll highway segment, which recorded a lower contribution during the financial period.

- The increase in the Group's revenue was primarily driven by the continued progress of Packages 2 and 3 of Stage 1 of the Sungai Rasau Water Supply Scheme Project ("**Rasau Projects**"). Revenue from the water treatment and supply segment increased by RM6.17 million, mainly due to higher metered sales arising from additional demand by Pengurusan Air Selangor Sdn. Bhd. ("**Air Selangor**") and increased electricity and chemical rebates in the Sungai Selangor Water Treatment Plant Phase 1 ("**SSP1**") operations. The increase in electricity rebates was attributable to the implementation of Tenaga Nasional Berhad's ("**TNB**") revised tariff structure and rates effective 1 July 2025 ("**Electricity Tariff Restructuring**"), whereas electricity charges for the corresponding period were determined under the Imbalance Cost Pass-Through ("**ICPT**") mechanism**.** During the quarter, the Group entered into a supplemental agreement to align the electricity rebate calculation mechanism under the Bulk Water Supply Agreement ("**BWSA**") with TNB's tariff structure, retrospectively effective from 1 July 2025. This resulted in the recognition of a one-off electricity rebate income of RM2.95 million in the current quarter.

- The renewable energy segment also recorded improved revenue, supported by higher energy output arising from increased average insolation, resulting in higher electricity generation and sales to off-takers. In contrast, the toll highway segment recorded a lower contribution to the Group's revenue, mainly due to a lower recognition of deferred income of RM4.25 million in the current financial period, as compared to RM6.69 million in the corresponding period, following the full amortisation of one of the deferred income balances in September 2025. The lower revenue was also due to the absence of government compensation (YTD Q2FY25: RM1.27 million) and a 0.9% reduction in Average Daily Traffic ("**ADT**").

- Despite the 14% increase in revenue, the Group's gross profit was only higher by 4% year-on-year as the higher revenue was primarily contributed by the construction segment, which carries lower profit margins. The gross profit was further impacted by higher depreciation and amortisation expenses.

- Notwithstanding the higher gross profit, the Group's PBT declined to RM38.03 million from RM41.53 million in the corresponding period, mainly due to (i) higher share of losses from an associate, SWM Environment Holdings Sdn Bhd ("**SWMEH**"), amounting to RM21.92 million as compared to RM14.67 million recorded a year ago, attributable to the associate's lower profit after tax ("**PAT**"), and (ii) lower sundry income and net investment returns. Nonetheless, the decline was partially mitigated by lower finance costs following the repayment of the Group's borrowings and lower net foreign exchange losses.

- As a result of the lower PBT, profit for the period decreased by RM5.18 million or by 17%, while EPS declined from 1.19 sen per share to 1.02 sen per share.

- The Board is pleased to declare a second interim single-tier dividend of 0.25 sen per share amounting to RM5.04 million for the current financial quarter ended 30 June 2026 to be payable on 30 September 2026.

CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	30 June 2026 RM'000 (Unaudited)	31 Dec 2025 RM'000 (Audited)
ASSETS			
Property, plant and equipment		90,955	96,781
Right-of-use assets		25,292	27,437
Investment properties		88	90
Intangible assets		871,102	888,039
Investment in joint venture		67,858	72,871
Investment in associates		49,406	69,865
Other investment		200	200
Goodwill on consolidation		132,503	132,503
Long-term other receivable		10,990	10,990
Deposits, cash and bank balances		12,920	53,911
Deferred tax assets		6,400	6,439
Total Non-Current Assets		**1,267,714**	**1,359,126**
Inventories		77,367	97,088
Trade receivables		81,456	130,500
Other receivables, deposits and prepayments		8,557	6,812
Tax recoverable		1,805	1,301
Investments designated at fair value through profit or loss	B11	55,297	46,384
Deposits, cash and bank balances	B11	149,375	79,201
Total Current Assets		**373,857**	**361,286**
TOTAL ASSETS		**1,641,571**	**1,720,412**
EQUITY AND LIABILITIES			
Share capital		438,354	438,354
Merger deficit		(71,500)	(71,500)
Currency translation reserve		803	835
Retained earnings		345,585	345,244
Total Equity Attributable to Owners of the Company		**713,242**	**712,933**
Non-controlling interests		310,840	306,494
Total Equity		**1,024,082**	**1,019,427**
LIABILITIES			
Long-term borrowings	B7	149,741	189,670
Lease liabilities		24,322	24,382
Long-term trade payables		2,396	1,423
Provisions		34,851	34,518
Deferred income		37,369	31,683
Deferred tax liabilities		196,627	201,829
Total Non-Current Liabilities		**445,306**	**483,505**
Trade payables		34,936	38,626
Other payables and accruals		24,114	28,530
Amount due to contract customers		59,817	90,116
Short-term borrowings	B7	41,664	43,779
Lease liabilities		1,845	3,567
Deferred income		4,318	8,565
Tax liabilities		5,489	4,297
Total Current Liabilities		**172,183**	**217,480**
TOTAL LIABILITIES		**617,489**	**700,985**
TOTAL EQUITY AND LIABILITIES		**1,641,571**	**1,720,412**

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months ended 30 Jun 2026 RM'000 unaudited	3 Months ended 30 Jun 2025 RM'000 unaudited	6 Months ended 30 Jun 2026 RM'000 unaudited	6 Months ended 30 Jun 2025 RM'000 unaudited
Revenue	A4, B1	**129,945**	**113,269**	**249,156**	**218,537**
Cost of operations		(86,104)	(72,058)	(168,530)	(140,825)
Gross profit		**43,841**	**41,211**	**80,626**	**77,712**
Other operating income		1,867	2,547	3,455	4,600
Administrative and other expenses		(11,791)	(11,841)	(21,487)	(21,832)
Operating profit		**33,917**	**31,917**	**62,594**	**60,480**
Finance costs		(2,865)	(3,402)	(5,842)	(6,973)
Share of results of joint venture		1,100	814	1,737	1,523
Share of results of associates		(10,769)	(5,806)	(20,459)	(13,505)
Profit before tax	B4	**21,383**	**23,523**	**38,030**	**41,525**
Income tax expense	B5	(7,302)	(6,407)	(13,190)	(11,503)
Profit for the financial period		**14,081**	**17,116**	**24,840**	**30,022**
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Currency translation		(47)	421	(26)	507
Total comprehensive income for the financial period		**14,034**	**17,537**	**24,814**	**30,529**
Profit for the financial period attributable to:					
Owners of the Company		11,493	13,445	20,494	23,956
Non-controlling interests		2,588	3,671	4,346	6,066
		14,081	**17,116**	**24,840**	**30,022**

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months ended 30 Jun 2026 RM'000 unaudited	3 Months ended 30 Jun 2025 RM'000 unaudited	6 Months ended 30 Jun 2026 RM'000 unaudited	6 Months ended 30 Jun 2025 RM'000 unaudited
Total comprehensive income for the financial period attributable to:					
Owners of the Company		11,446	13,866	20,468	24,463
Non-controlling interests		2,588	3,671	4,346	6,066
		14,034	**17,537**	**24,814**	**30,529**
Basic and diluted earnings per share attributable to owners of the Company (sen per share)	B9	0.57	0.67	1.02	1.19

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2025 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital RM'000	Merger deficit RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
		Attributable to Owners of the Company						
As of 1 January 2026 (audited)		**438,354**	**(71,500)**	**835**	**345,244**	**712,933**	**306,494**	**1,019,427**
Profit for the financial period		-	-	-	20,494	20,494	4,346	24,840
Other Comprehensive Income:								
Currency translation differences		-	-	(26)	-	(26)	-	(26)
Reclassification adjustments relating to subsidiaries struck off during the period*		-	-	(6)	6	-	-	-
Total comprehensive income for the period		-	-	(32)	20,500	20,468	4,346	24,814
Transactions with Owners of the Company:								
Dividends paid	A7	-	-	-	(20,159)	(20,159)	-	(20,159)
Total transactions with Owners of the Company		-	-	-	(20,159)	(20,159)	-	(20,159)
As of 30 Jun 2026 (unaudited)		**438,354**	**(71,500)**	**803**	**345,585**	**713,242**	**310,840**	**1,024,082**

* *The movement in the currency translation reserve arose from the recycling of cumulative exchange gains relating to foreign subsidiaries that were struck off in the previous quarter, which were reclassified to profit or loss on the date of strike-off, in accordance with MFRS 121. This amount was included in the gain on the strike-off of subsidiaries amounting to RM46,000, as disclosed in Note B4.*

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Owners of the Company						
	Share capital RM'000	Merger deficit RM'000	Currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
As of 1 January 2025 (audited)	**438,354**	**(71,500)**	**107**	**302,020**	**668,981**	**293,427**	**962,408**
Profit for the financial period	-	-	-	23,956	23,956	6,066	30,022
Other Comprehensive Income:							
Currency translation differences	-	-	507	-	507	-	507
Total comprehensive income for the period	-	-	507	23,956	24,463	6,066	30,529
Transactions with Owners of the Company:							
Dividends paid	-	-	-	(20,158)	(20,158)	-	(20,158)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	-	(10,780)	(10,780)
Total transactions with Owners of the Company	-	-	-	(20,158)	(20,158)	(10,780)	(30,938)
As of 30 Jun 2025 (unaudited)	**438,354**	**(71,500)**	**614**	**305,818**	**673,286**	**288,713**	**961,999**

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2025 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

	6 Months ended 30 Jun 2026 RM'000 unaudited	6 Months ended 30 Jun 2025 RM'000 unaudited
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		
Profit before tax	38,030	41,525
Adjustments for:		
Non-cash items	40,251	30,544
Interest income	(1,040)	(1,759)
Finance costs	5,842	6,973
Operating Profit Before Working Capital Changes	83,083	77,283
Net decrease/(increase) in inventories, amount due to contract customers and trade and other receivables	36,253	(32,638)
Net (decrease)/increase in trade and other payables, provisions and deferred income	(1,368)	18,249
Cash Generated From Operations	117,968	62,894
Income tax paid	(17,706)	(16,243)
Income tax refund	42	4
Net Cash From Operating Activities	**100,304**	**46,655**
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		
Interest received	1,582	1,632
Property, plant and equipment:		
- Proceeds from disposal	25	1
- Purchases	(674)	(840)
Purchase of intangible assets	(580)	(1,199)
Dividend received from an associate	-	176
Dividend received from a joint venture	6,750	9,000
Investments designated at fair value through profit or loss ("**FVTPL**"):		
- Purchase	(8,642)	(16,189)
- Proceeds from redemption	-	10,000
- Dividend income	500	469
Withdrawals of deposits pledged as security	40,991	41,672
Net Cash From Investing Activities	**39,952**	**44,722**
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		
Interest paid	(6,554)	(7,948)
Repayment of borrowings	(42,116)	(39,908)
Repayment of lease liabilities	(1,221)	(1,719)
Dividends paid *(Note A7)*	(20,159)	(20,158)
Dividends paid by a subsidiary to non-controlling interests	-	(10,780)
Net Cash Used In Financing Activities	**(70,050)**	**(80,513)**

CONDENSED STATEMENTS OF CASH FLOWS

	6 Months ended 30 Jun 2026 RM'000 unaudited	6 Months ended 30 Jun 2025 RM'000 unaudited
NET INCREASE IN CASH AND CASH EQUIVALENTS	**70,206**	**10,864**
Effect of Exchange Rate Changes	(32)	508
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	**79,201**	**99,749**
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	**149,375**	**111,121**
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	59,115	77,083
Cash and bank balances	103,180	47,775
Total deposits, cash and bank balances	162,295	124,858
Less: Deposits pledged as security	(12,920)	(13,737)
	149,375	**111,121**

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2025 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 2025 ("**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 2026.

Amendments to MFRS 9 and MFRS 7	Classification and Measurement of Financial Instruments
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvement to MFRS Standards-Volume 11	

The adoption of these amendments to MFRS 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
MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 19	Subsidiaries without Public Accountability: Disclosures
MFRS 20	Regulatory Assets and Regulatory Liabilities
Amendments to MFRS 19	Subsidiaries without Public Accountability: Disclosures
Amendments to MFRS 121	Translation to a Hyperinflationary Presentation Currency

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, except for the presentation and disclosure required by MFRS 18 which introduces new categories and subtotals in the statement of profit and loss. It also requires the disclosure of management-defined performance measures and includes new requirements for the location, aggregation and disaggregation of financial information, all of which the Group is currently assessing to be adopted.

A1 – Basis of Preparation (continued)

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

Foreign currency	30 Jun 2026 RM	31 Mar 2026 RM	30 Jun 2025 RM
1 US Dollar (USD)	4.08	4.05	4.21
1 Singapore Dollar (SGD)	3.15	3.14	3.30

A2 – Comments about the Seasonal or Cyclicality 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:

	3 Months ended 30 Jun		6 Months ended 30 Jun	
	2026 RM'000 unaudited	2025 RM'000 unaudited	2026 RM'000 unaudited	2025 RM'000 unaudited
Revenue from contracts with customers:				
Management, operations and maintenance of water treatment plants	53,162	47,657	99,847	93,672
Toll collection	20,072	20,294	39,390	39,732
Revenue from construction contracts				
- In accordance with MFRS 15	45,075	30,542	86,138	58,471
- In accordance with IC Interpretation 12	213	1,229	594	1,229
Sales of electricity	8,073	7,835	16,510	15,314
Management fees	1,215	1,083	2,430	2,166
Government compensation	-	1,268	-	1,268
	127,810	109,908	244,909	211,852
Revenue from other sources:				
Deferred income	2,135	3,361	4,247	6,685
Revenue as per Condensed Statement of Comprehensive Income	**129,945**	**113,269**	**249,156**	**218,537**
Timing of revenue recognition:				
At a point in time	81,307	77,054	155,747	149,986
Over time	46,503	32,854	89,162	61,866
Revenue from contracts with customers	**127,810**	**109,908**	**244,909**	**211,852**

A5 – Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial period 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 RM20,159,000 (2025: RM20,158,000) as follows: -

a) On 11 February 2026, the Board declared a fourth interim single-tier dividend of 0.75 sen per share on 2,015,817,574 ordinary shares amounting to RM15,119,000 in respect of the financial year ended 31 December 2025 which was paid on 31 March 2026; and

b) On 22 May 2026, the Board declared a first interim single-tier dividend of 0.25 sen per share on 2,015,817,574 ordinary shares amounting to RM5,040,000 in respect of the financial year ended 31 December 2026 which was paid on 30 June 2026.

A8 – Material Subsequent Events

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

A9 - Contingent Liabilities

There were no material contingent liabilities as at the end of the current financial period and up to 13 August 2026 (being a date not earlier than 7 days from the date of these interim financial statements).

A10 – Changes in Composition of the Group

Except for the following, 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:

a) three (3) foreign wholly owned subsidiaries (referred to in Note 18 to the Audited Financial Statements) struck off by the Accounting and Corporate Regulatory Authority of Singapore with effect from 2 January 2026; and

b) the incorporation of Taliworks Ventures Sdn. Bhd., a wholly-owned subsidiary of the Company with an issued share capital of RM2 on 27 April 2026 under the Companies Act, 2016.

A11 – Other Significant Events and Transactions

There were 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 Jun	Water		Waste management		Construction		Toll highway		Renewable energy		Others		Total		Reconciliation		Amount as per Statement of Comprehensive Income	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	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	53,162	47,657	94,639	90,400	45,288 *	31,771 *	16,707	17,841	8,073	7,835	1,215	1,083	219,084	196,587	(89,139)	(83,318)	129,945	113,269
EBITDA(i)	23,050	17,943	11,087	15,028	1,181	1,155	13,732	14,916	6,642	5,258	7,503	17,223	63,195	71,523	(16,607)	(27,590)	46,588	43,933
Depreciation and amortisation	(207)	(120)	(4,876)	(3,516)	(125)	(2)	(6,467)	(6,429)	(2,954)	(2,448)	(705)	(794)	(15,334)	(13,309)	2,663	1,293	(12,671)	(12,016)
Operating profit	22,843	17,823	6,211	11,512	1,056	1,153	7,265	8,487	3,688	2,810	6,798	16,429	47,861	58,214	(13,944)	(26,297)	33,917	31,917
Finance costs	(26)	(5)	(10,068)	(9,101)	(37)	-	(1,407)	(1,738)	(109)	(116)	(199)	(284)	(11,846)	(11,244)	8,981	7,842	(2,865)	(3,402)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,100	814	1,100	814
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,769)	(5,806)	(10,769)	(5,806)
Profit before tax	22,817	17,818	(3,857)	2,411	1,019	1,153	5,858	6,749	3,579	2,694	6,599	16,145	36,015	46,970	(14,632)	(23,447)	21,383	23,523
Income tax expense	(5,449)	(4,221)	(3,537)	(5,011)	1	(1)	(1,790)	(1,867)	64	61	(1)	(1)	(10,712)	(11,040)	3,410	4,633	(7,302)	(6,407)
Profit for the financial year	17,368	13,597	(7,394)	(2,600)	1,020	1,152	4,068	4,882	3,643	2,755	6,598	16,144	25,303	35,930	(11,222)	(18,814)	14,081	17,116
EBDA(ii)	17,575	13,717	(2,518)	916	1,145	1,154	10,535	11,311	6,597	5,203	7,303	16,938	40,637	49,239	(13,885)	(20,107)	26,752	29,132
Capex(iii)	9	18	4,376	9,810	43	21	180	223	142	80	-	111	4,750	10,263	-	-	-	-

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.

6 Months ended 30 Jun	Water		Waste management		Construction		Toll highway		Renewable enery	
	2026 RM'000 Unaudited	2025 RM'000 Unaudited	2026 RM'000 Unaudited	2025 RM'000 Unaudited	2026 RM'000 Unaudited	2025 RM'000 Unaudited	2026 RM'000 Unaudited	2025 RM'000 Unaudited	2026 RM'000 Unaudited	2025 RM'000 Unaudited
Revenue	99,847	93,672	187,511	178,969	86,732*	59,700*	32,706	34,405	16,510	15,314
EBITDA(i)	40,714	35,388	23,095	27,060	2,252	2,170	26,152	27,882	14,185	11,209
Depreciation and amortisation	(413)	(240)	(9,460)	(6,849)	(250)	(5)	(13,146)	(12,697)	(5,909)	(4,893)
Operating profit	40,301	35,148	13,635	20,211	2,002	2,165	13,006	15,185	8,276	6,316
Finance costs	(52)	(10)	(20,311)	(18,548)	(75)	-	(2,884)	(3,566)	(216)	(232)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-
Share of results of associate	-	-	-	-	-	-	-	-	-	-
Profit before tax	40,249	35,138	(6,676)	1,663	1,927	2,165	10,122	11,619	8,060	6,084
Income tax expense	(9,811)	(8,137)	(7,346)	(9,268)	1	(1)	(3,312)	(3,288)	164	424
Profit for the financial year	30,438	27,001	(14,022)	(7,605)	1,928	2,164	6,810	8,331	8,224	6,508
EBDA(ii)	30,851	27,241	(4,562)	(756)	2,178	2,169	19,956	21,028	14,133	11,401
Capex(iii)	64	55	11,457	15,490	58	27	413	402	142	83

6 Months ended 30 Jun	Others		Total		Reconciliation		Amount as per Statement of Comprehensive Income	
	2026 RM'000 Unaudited	2025 RM'000 Unaudited	2026 RM'000 Unaudited	2025 RM'000 Unaudited	2026 RM'000 Unaudited	2025 RM'000 Unaudited	2026 RM'000 Unaudited	2025 RM'000 Unaudited
Revenue	2,430	2,166	425,736	384,226	(176,580)	(165,689)	249,156	218,537
EBITDA(i)	5,553	14,680	111,951	118,389	(23,500)	(34,079)	88,451	84,310
Depreciation and amortisation	(1,418)	(1,580)	(30,596)	(26,264)	4,739	2,434	(25,857)	(23,830)
Operating profit	4,135	13,100	81,355	92,125	(18,761)	(31,645)	62,594	60,480
Finance costs	(398)	(587)	(23,936)	(22,943)	18,094	15,970	(5,842)	(6,973)
Share of results of joint venture	-	-	-	-	1,737	1,523	1,737	1,523
Share of results of associate	-	-	-	-	(20,459)	(13,505)	(20,459)	(13,505)
Profit before tax	3,737	12,513	57,419	69,182	(19,389)	(27,657)	38,030	41,525
Income tax expense	-	-	(20,304)	(20,270)	7,114	8,767	(13,190)	(11,503)
Profit for the financial year	3,737	12,513	37,115	48,912	(12,275)	(18,890)	24,840	30,022
EBDA(ii)	5,155	14,093	67,711	75,176	(17,014)	(21,324)	50,697	53,852
Capex(iii)	-	133	12,134	16,190				

** Includes notional construction revenue of RM213,000 and RM594,000 recognised during the current quarter and year-to-date (Q2FY25: RM1,229,000; YTD Q2FY25: RM1,229,000), respectively, pursuant to IC Interpretation 12 Service Concession Arrangements from the construction of a Residual Treatment Facility (“**RTF**”)(referred to in Note 17(b)(ii) to the Audited Financial Statements).*

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

1. *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.*

2. *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.*

3. *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 Jun	Water treatment and supply		Waste management		Construction		Toll highway		Renewable energy		Others		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	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
Segment assets	117,664	94,374	34,953	47,274	114,958	123,570	1,180,630	1,193,023	135,864	138,103	57,502	57,798	1,641,571	1,654,142
Segment liabilities	(31,498)	(27,245)	-	-	(81,370)	(99,769)	(459,000)	(523,690)	(18,251)	(18,577)	(27,370)	(22,862)	(617,489)	(692,143)
Net segment assets	**86,166**	**67,129**	**34,953**	**47,274**	**33,588**	**23,801**	**721,630**	**669,333**	**117,613**	**119,526**	**30,132**	**34,936**	**1,024,082**	**961,999**

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

<u>Part A – Review of Statement of Financial Position</u>

	As at 30 Jun 2026 (Unaudited) RM'000	As at 31 Dec 2025 (Audited) RM'000	Variance (%) #
Total assets	1,641,571	1,720,412	↓ 5
Total liabilities	617,489	700,985	↓ 12
Total shareholders' equity	1,024,082	1,019,427	negligible
Return on equity (%)*	2.43	10.84	n/a
Net assets per share (sen)	35.38	35.37	negligible

* *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*

n/a *Not applicable*

(a) The Group's total assets decreased by 5% or RM78.84 million since the previous financial year, primarily due to decreases in the carrying amounts of the following: -

(i) trade and other receivables by RM47.30 million, mainly due to the receipt of toll compensation amounting to RM34.41 million;

(ii) investments in associates by RM20.46 million, mainly due to Group's share of losses of SWMEH and investment in a joint venture by RM5.01 million, primarily due to the receipt of dividends amounting to RM6.75 million;

(iii) inventories by RM19.72 million, due to the utilisation of materials previously purchased and delivered to the Rasau Project sites. As construction activities progress, the consumed materials were recognised as contract cost in accordance with the percentage of completion of the projects; and

(iv) intangible assets by RM16.94 million and property, plant and equipment by RM5.83 million, mainly due to amortisation and depreciation charges.

Conversely, investments designated at FVTPL, cash and bank balances increased by RM38.10 million, mainly attributable to the receipt of toll compensation and cash generated from operating activities.

(b) Total liabilities decreased by 12% or RM83.50 million, primarily due to the redemption of the seventh tranche of the IMTN amounting to RM40.00 million, a reduction in amount due to contract customers of RM30.30 million following the recognition of revenue as construction works on the Rasau Projects, lower trade and other payables by RM7.13 million and a decrease in deferred tax liabilities of RM5.20 million.

(c) As at 30 June 2026, the net assets per share increased marginally to 35.38 sen from 35.37 sen recorded as at 31 December 2025.

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.

	3 Months ended 30 Jun 2026 RM'000 unaudited	3 Months ended 30 Jun 2025 RM'000 unaudited	6 Months ended 30 Jun 2026 RM'000 unaudited	6 Months ended 30 Jun 2025 RM'000 unaudited
Revenue				
Water treatment and supply	53,162	47,657	99,847	93,672
Construction				
- In accordance with MFRS 15	45,075	30,542	86,138	58,471
- In accordance with IC Interpretation 12	213	1,229	594	1,229
Toll highway	22,207	24,923	43,637	47,685
Renewable energy	8,073	7,835	16,510	15,314
Others	1,215	1,083	2,430	2,166
Revenue as per Condensed Statement of Comprehensive Income	**129,945**	**113,269**	**249,156**	**218,537**

Profit Before Tax

	3 Months ended 30 Jun 2026 RM'000 unaudited	3 Months ended 30 Jun 2025 RM'000 unaudited	6 Months ended 30 Jun 2026 RM'000 unaudited	6 Months ended 30 Jun 2025 RM'000 unaudited
Water treatment and supply	22,843	17,801	40,301	35,148
Construction	1,046*	1,139*	1,979*	2,138*
Toll highway	10,234	13,222	18,596	23,287
Renewable energy	3,687	2,832	8,276	6,316
Others	(3,893)	(3,077)	(6,558)	(6,409)
Operating profit	**33,917**	**31,917**	**62,594**	**60,480**
Finance cost	(2,865)	(3,402)	(5,842)	(6,973)
Share of results of joint venture	1,100	814	1,737	1,523
Share of results of associates	(10,769)	(5,806)	(20,459)	(13,505)
Profit before tax for the financial period	**21,383**	**23,523**	**38,030**	**41,525**

** Includes notional profit of RM5,000 and RM14,000 recognised in the current quarter and year-to-date, respectively (Q2FY25: RM30,000; YTD Q2FY25: RM30,000), pursuant to IC Interpretation 12 Service Concession Arrangements, arising from the construction of the RTF.*

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

Overall Summary

For the current quarter, the Group reported revenue of RM129.95 million, an increase from RM113.27 million in the corresponding quarter. This increase was mainly driven by higher contributions from all operating segments, except for the toll highway segment, which recorded a lower contribution.

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, the Group's PBT declined to RM21.38 million from RM23.52 million in the corresponding quarter last year, primarily due to higher share of losses from an associate, SWMEH amounting to RM11.41 million (Q2FY25: RM6.43 million), lower sundry income and net investment returns, as well as higher depreciation and amortisation expenses. The decline was, however, partially mitigated by lower finance costs and a net foreign exchange gain of RM0.12 million in the current quarter, compared to a net foreign exchange loss of RM0.87 million in the corresponding quarter.

Water treatment and supply

The segment registered revenue of RM53.16 million (Q2FY25: RM47.66 million), comprising metered sales of RM41.39 million (Q2FY25: RM39.88 million) and electricity and chemical rebates of RM11.77 million (Q2FY25: RM7.78 million).

The increase in electricity rebates was attributable to TNB's Electricity Tariff Restructuring. During the quarter, the Group entered into a supplemental agreement to align the electricity rebate calculation mechanism under the BWSA with the TNB's tariff structure, with retrospective effect from 1 July 2025. As a result, the Group recognised a one-off electricity rebate income of RM2.95 million during the current quarter ("**One-off Electricity Rebate Income**"). As the rebates are generally pass-through in nature and correspond with higher electricity costs incurred, the overall impact on profitability was not material. However, RM2.65 million of the One-off Electricity Rebate Income related to the period from July 2025 to March 2026, for which the corresponding electricity costs had already been recognised, resulting in an additional increase in profit during the current quarter.

Metered sales increased due to higher water demand across the distribution network, including an additional average demand of 80 MLD from the Bukit Gasing distribution pipeline to support Air Selangor's distribution requirements during emergency or planned shutdowns and upgrading works at other water treatment facilities within the Klang Valley water supply system. The metered sales and the average million litres per day ("**MLD**") of metered sales recorded in SSP1 were as follows: -

SSP1	**Q2 2026**	**Q2 2025**	**Variance (%)**
Metered Sales (million m^3)	86.22	83.09	↑ 3.8
Number of billing days	91	92	
Average MLD	947.49	903.11	↑ 4.9

Operating profit increased to RM22.84 million from RM17.80 million, in line with higher revenue recorded during the quarter and further supported by lower rehabilitation and maintenance expenses amounting to RM3.92 million (Q2FY25: RM4.40 million).

Construction

The construction segment recorded revenue of RM45.29 million, an increase of RM13.52 million from RM31.77 million in the corresponding quarter last year, mainly attributable to construction progress on the Rasau Projects. Despite the higher revenue, operating profit was marginally lower, primarily due to the impact of a downward revision to the estimated profit margin for Rasau Package 2 in the fourth quarter of the previous financial year. This revision arose from a reassessment of project cost estimates due to project prolongation. In addition, construction activities generally yield lower profit margins, which further affected the segment's overall profitability.

As at 30 June 2026, the percentage of completion recognised for Rasau Packages 2 and 3 was approximately 44% and 24%, respectively (Q2FY25: 27% and 14%) based on a second Extension of Time granted as disclosed in Note B2.

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

Part B – Review of Income Statement (continued)

(a) <u>Current Quarter vs. Preceding Year's Corresponding Quarter (continued)</u>

<u>Toll highway – Subsidiary</u>

Average Daily Traffic ("ADT")	Q2 2026	Q2 2025	Variance (%)
Grand Saga Highway (vehicles per day)	164,213	166,319	↓ 1.3

Operating revenue was lower by RM2.72 million compared to the corresponding quarter, mainly due to lower recognition of deferred income of RM2.13 million (Q2FY25: RM3.36 million), the absence of government compensation of RM1.27 million recognised in the corresponding quarter, and the impact of a 1.3% reduction in ADT following the opening of the East Klang Valley Expressway ("**EKVE**") on 30 August 2025.

In line with the decline in revenue, operating profit was lower and it was further impacted by higher repair and maintenance expenses, as well as lower sundry income and net investment returns. This was partially offset by lower finance costs from the repayment of borrowings as disclosed in Note B7.

<u>Renewable energy</u>

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

	Q2 2026	Q2 2025	Variance (%)
Total energy output (MWh)	6,801	6,602	↑ 3.0

Revenue from the renewable energy segment increased marginally by RM0.24 million, mainly attributable to a 3.0% increase in total energy output arising from a higher average performance ratio.

Operating profit increased by RM0.86 million, supported by the higher revenue and lower operating expenses, mainly due to reductions in upkeep and maintenance costs, corporate costs related to the evaluation of potential projects, and the favourable foreign exchange movement, with a net foreign exchange gain of RM0.12 million in the current quarter compared to a net foreign exchange loss of RM0.87 million in the corresponding quarter. This was partially offset by higher depreciation and amortisation expenses and lower sundry income.

<u>Toll highway – Share of results of joint venture</u>

ADT	Q2 2026	Q2 2025	Variance (%)
Grand Sepadu Highway (vehicles per day)	91,156	89,861	↑ 1.4

ADT increased by 1.4% resulting in higher share of results from Grand Sepadu. The increase in the share of results was also supported by lower finance costs and higher sundry income, but partially offset by higher tax expenses.

<u>Waste management – Associate</u>

The Group's share of results of associates was contributed mainly by SWMEH. The Group's share of losses from SWMEH increased to RM11.41 million from RM6.43 million in the corresponding quarter due to the lower PAT of RM31.65 million (Q2FY25: RM45.34 million), and after adjustments of RM64.24 million (Q2FY25: RM63.71 million) made by the Group to SWMEH's PAT.

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

Part B – Review of Income Statement (continued)

(a) <u>Current Quarter vs. Preceding Year's Corresponding Quarter (continued)</u>

At SWMEH, although revenue from both the solid waste collection and public cleansing services increased by 4.7%, PAT declined mainly due to higher payroll, contractor, vehicle and equipment-related costs, as well as higher depreciation and finance costs. This was partially mitigated by lower tax expenses.

(b) <u>Current Year-to-date vs. Preceding Year-to-date</u>

<u>Overall Summary</u>

The Group recorded higher revenue of RM249.16 million for the current financial period, up by RM30.62 million or 14% from RM218.54 million in the same period last year. The increase was mainly attributable to stronger contributions from all operating segments, except for the toll highway segment.

Despite the increase in revenue, the Group's PBT was lower, largely due to the following factors: -

(a) higher share of losses from SWMEH amounting to RM21.92 million (YTD Q2FY25: RM14.67 million); and

(b) higher depreciation and amortisation expenses of RM25.86 million (YTD Q2FY25: RM23.83 million); coupled with lower sundry income of RM0.48 million (YTD Q2FY25: RM1.62 million) and net investment returns of RM1.54 million (YTD Q2FY25: RM2.34 million).

However, the lower PBT was partially mitigated by lower finance costs of RM5.84 million (YTD Q2FY25: RM6.97 million) and net foreign exchange gain of RM0.07 million in the current period, compared with net foreign exchange losses of RM1.05 million in the corresponding period.

<u>Water treatment and supply</u>

The water treatment and supply segment generated revenue of RM99.85 million compared to RM93.67 million in the corresponding period last year. The increase was mainly attributable to higher metered sales, driven by the higher average MLD supplied, as well as higher electricity and chemical rebates. The increase in the electricity rebates was mainly attributable to the One-off Electricity Rebate Income recognised during the current period. As the rebates are largely pass-through in nature, the impact on profitability was not material, except for a portion related to year 2025, which resulted in an additional increase in profit of RM1.74 million during the financial period. Of the total revenue, metered sales contributed RM81.75 million (YTD Q2FY25: RM78.24 million), while electricity and chemical rebates amounted to RM18.10 million (YTD Q2FY25: RM15.43 million).

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

SSP1	**YTD Jun 2026**	**YTD Jun 2025**	**Variance (%)**
Metered Sales (million m^3)	170.31	162.99	↑ 4.5
Number of billing days	181	181	
Average MLD	940.95	900.52	↑ 4.5

Operating profit improved to RM40.30 million from RM35.15 million in the corresponding period in line with the increase in revenue. Nonetheless, the increase was partially offset by higher rehabilitation and maintenance expenses and lower sundry income.

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)**

Construction

During the financial period, steady progress on the Rasau Projects resulted in higher revenue. Nevertheless, the segment recorded lower operating profit due to the downward revision of the estimated profit margin for Rasau Package 2 following project cost reassessment, coupled with generally lower profit margins from construction activities.

Toll operations – Subsidiary

ADT	YTD Jun 2026	YTD Jun 2025	Variance (%)
Grand Saga Highway (vehicles per day)	163,949	165,490	↓ 0.9

Operating revenue from the Grand Saga Highway decreased to RM43.64 million from RM47.69 million in the corresponding period, mainly due to lower deferred income recognition, absence of government compensation and a 0.9% reduction in ADT. Consequently, this resulted in the operating profit being lower, and the financial performance was also impacted by higher depreciation and amortisation, and lower net investment returns. These were partially offset by lower repair and maintenance expenses and finance costs.

Renewable energy

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

	YTD Jun 2026	YTD Jun 2025	Variance (%)
Total energy output (MWh)	13,886	12,841	↑ 8.1

Revenue from the renewable energy segment increased by RM1.20 million, driven by higher energy output. Consequently, operating profit improved by RM1.96 million, supported by lower upkeep and maintenance costs, reduced corporate costs related to the evaluation of potential projects, and a favourable foreign exchange movement, with a net foreign exchange gain of RM0.07 million recorded during the current period compared to a net foreign exchange loss of RM1.05 million in the corresponding period. This was partially offset by higher depreciation and amortisation expenses and lower sundry income.

Toll operations - Share of results of joint venture

ADT	YTD Jun 2026	YTD Jun 2025	Variance (%)
Grand Sepadu Highway (vehicles per day)	90,523	89,575	↑ 1.1

The Grand Sepadu Highway recorded a 1.1% increase in ADT during the financial period, resulting in a higher share of results from Grand Sepadu. The improvement was also supported by lower repair and maintenance expenses, lower finance costs and higher sundry income, but partially offset by higher tax expenses.

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)

Waste management - Share of results of associate

The Group's share of losses from SWMEH was RM21.92 million compared to RM14.67 million in the corresponding period, due to the lower PAT recorded by SWMEH. This included Group adjustments of RM128.12 million (YTD Q2FY25: RM127.06 million) to SWMEH's PAT.

Despite a 4.8% increase in revenue, SWMEH's PAT declined to RM65.49 million from RM83.82 million, mainly due to higher payroll, contractor, vehicle and equipment-related costs, as well as higher depreciation and finance costs. The impact was partially cushioned by a lower loss allowance on trade receivables of RM1.98 million (YTD Q2FY25: RM11.37 million) and lower tax expenses.

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

	3 Months ended 30 Jun 2026 RM'000 unaudited	3 Months ended 31 Mar 2026 RM'000 unaudited
Revenue		
Water treatment and supply	53,162	46,685
Construction		
- In accordance with MFRS 15	45,075	41,063
- In accordance with IC Interpretation 12	213	381
Toll highway	22,207	21,430
Renewable energy	8,073	8,437
Others	1,215	1,215
Total revenue as per Condensed Statement of Comprehensive Income	**129,945**	**119,211**

	3 Months ended 30 Jun 2026 RM'000 unaudited	3 Months ended 31 Mar 2026 RM'000 unaudited
Profit Before Tax		
Water treatment and supply	22,843	17,458
Construction	1,046*	933*
Toll highway	10,234	8,362
Renewable energy	3,687	4,589
Others	(3,893)	(2,665)
Operating profit	**33,917**	**28,677**
Finance cost	(2,865)	(2,977)
Share of results of joint venture	1,100	637
Share of results of associates	(10,769)	(9,690)
Profit before tax for the financial period	**21,383**	**16,647**

** Includes notional profit of RM5,000 and RM9,000 recognised in the current and preceding quarters, respectively, pursuant to IC Interpretation 12 Service Concession Arrangements, arising from the construction of the RTF.*

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

Part B – Review of Income Statement (continued)

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

In the current quarter, the Group's revenue increased by 9.0% to RM129.95 million from RM119.21 million in the preceding quarter, mainly due to higher contributions from all operating segments, while the renewable energy segment recorded a marginal decline.

In line with the higher revenue recorded, the Group's PBT increased by RM4.73 million to RM21.38 million from RM16.65 million. The increase in PBT was mainly due to higher share of results from a joint venture, lower depreciation and amortisation expenses of RM12.67 million (Q1FY26: RM13.19 million), and lower rehabilitation and maintenance expenditure of RM4.75 million (Q1FY26: RM6.10 million). This was partially offset by a higher share of losses from associates during the current quarter.

For the water treatment and supply segment, operating revenue increased by RM6.48 million mainly due to higher electricity and chemical rebates following the One-off Electricity Rebate Income, as well as higher metered sales by 2.5%, from 84.09 million m^3 (or 934.33 MLD) to 86.22 million m^3 (or 947.49 MLD). Operating profit was higher by RM5.39 million, in line with the increase in revenue, and lower rehabilitation and maintenance expenses. The increase was partially offset by loan facility fees incurred in connection with new financing facilities raised for the construction of the RTF.

The construction segment recorded higher revenue and operating profit driven by the ongoing progress of the Rasau Projects.

For the Grand Saga Highway, operating revenue and operating profit were higher mainly due to an increase in the toll revenue. The highway recorded a 0.3% increase in ADT to 164,213 vehicles per day (Q1FY26: 163,682 vehicles per day). The improvement in operating profit was further supported by lower depreciation and amortisation expenses, higher net investment returns and lower finance costs. This was partially offset by higher upkeep and maintenance costs.

Likewise, the Group's share of results from Grand Sepadu increased to RM1.10 million from RM0.64 million, driven by a 1.4% increase in ADT, lower operating expenses, and higher sundry income. The improvement was partially offset by higher upkeep and maintenance, as well as higher tax expenses.

In the renewable energy segment, revenue decreased by RM0.36 million, mainly attributable to a 4.0% reduction in total energy output to 6,801 MWh (Q1FY26: 7,085 MWh) driven by weaker average insolation. Operating profit also declined due to higher operating expenses, mainly attributable to the increase in security service charges, insurance and regulatory-related expenses. The lower operating profit was partially offset by a net foreign exchange gain.

The Group's share of losses from SWMEH increased to RM11.41 million from RM10.51 million in the preceding quarter, following a lower PAT of RM31.65 million (Q1FY26: RM33.84 million), and after Group adjustments of RM64.24 million (Q1FY26: RM63.88 million) to SWMEH's PAT. Revenue from both the solid waste collection and public cleansing services increased by 1.9%. Notwithstanding the higher revenue, SWMEH recorded a lower PAT, mainly attributable to higher vehicle and equipment-related costs, depreciation, and a higher loss allowance on trade receivables of RM1.98 million (Q1FY26: RM0.33 million). The lower PAT was partially mitigated by lower payroll-related and subcontractor costs.

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

Part C – Review of Statement of Cash Flow

	6 Months ended 30 Jun 2026 RM'000 unaudited	6 Months ended 30 Jun 2025 RM'000 unaudited	Variance (%)
Net cash from operating activities	100,304	46,655	↑ >100
Net cash from investing activities	39,952	44,722	↓ 11
Net cash used in financing activities	(70,050)	(80,513)	↓ 13

Net cash generated from operating activities increased by RM53.65 million mainly attributable to receipt of toll compensation from the government, higher working capital inflows, particularly from timely collection from trade and other receivables. The increase was partially offset by higher income tax payments.

Net cash generated from investing activities decreased by RM4.77 million primarily due to higher placements of funds in investments designated at FVTPL, lower dividend income received from a joint venture and the absence of dividend received from an associate.

Net cash used in financing activities decreased by RM10.46 million mainly due to the absence of dividends paid to non-controlling interests and lower interest paid. The decrease was partially offset by higher repayments of borrowings.

B2 – Prospects

The Group's profitability continues to be anchored by the water treatment and supply and toll highway segments which remain the key contributors to the Group's earnings and cash flows. In 2026, the water services sector in Malaysia, particularly in Selangor and the Federal Territories, is expected to continue to experience steady growth, supported by gradual population and commercial growth within Klang Valley, as well as increasing demand from data centres for cooling-related water usage. For the six-month financial period ended 30 June 2026, the average daily water production at SSP1 increased by approximately 4.5% compared with the corresponding period in 2025, primarily due to higher water demand across Air Selangor's distribution network, including to support distribution requirements during emergency or planned shutdowns and upgrading works at Air Selangor's other water treatment facilities, as well as operational requirements by Air Selangor to maintain healthy water levels at its reservoirs.

To cater for future needs, Air Selangor is advancing the construction of a new pumping system for the Bukit Mayong Reservoir at SSP1, with a capacity of 150 MLD to accommodate future demand. This project is designed to effectively address the increasing demand for treated water in the northern regions, as well as specific zones in Klang and Kuala Selangor. It is expected that production from SSP1 will increase once the new Bukit Mayong Pumping Station becomes operational, which is currently targeted for completion by the end of 2026. To maintain profitability, SSP1 will continue to implement energy-saving initiatives and proactive maintenance programmes to enhance operational efficiency and sustain a competitive cost structure.

The construction of the RTF at SSP1 is a strategic project aimed at providing a more sustainable and environmentally responsible solution for managing residuals, which are the unavoidable by-products of the water treatment process. The Group is currently undertaking the necessary steps in relation to the extension of time for the completion of the RTF, which is required due to amongst others, delays in obtaining approvals from the relevant authorities. The total estimated construction cost of the RTF is approximately RM88 million. The construction will be funded primarily by bank borrowings to enable SSP1 to preserve cash to upstream to the Group, thereby supporting the Group's investment strategy and potential new projects.

B2 – Prospects (continued)

The toll highway segment, comprising the Grand Saga and Grand Sepadu highways, continues to enjoy high traffic volumes. The outlook for the segment remains positive, boosted by heightened economic activities. Following the opening of the EKVE in August 2025, the ADT at the Grand Saga Highway dipped momentarily due to traffic diversion to EKVE, which provides an alternate route connecting Bandar Sungai Long and Ukay Perdana. However, traffic volume has since stabilised following the commencement of toll collection on EKVE in October 2025 and is expected to remain resilient. For the Grand Sepadu highway, ADT growth is more modest compared to the Grand Saga highway, given its dependency on commercial vehicles travelling to and from the Northport and Westport terminals, as well as the residential traffic within the vicinity of the highway. However, the gradual opening of the West Coast Expressway presents a potential upside, as it's expected to increase traffic flow and contribute positively to future traffic growth on the Grand Sepadu highway.

The outlook for the renewable energy segment remains positive, supported by improved plant performance following the completion of panel replacement works across all sites between 2022 and 2024. For the six-month financial period ended 30 June 2026, total energy output increased by approximately 8.1% compared with the corresponding period last year. The Group continues to view the renewable energy segment as a key long-term growth driver and will continue to explore suitable investment opportunities in this sector.

As 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 coordination with several local authorities and jurisdictions. As such, securing timely regulatory approvals by all relevant parties is an ongoing challenge, and the delays by the authorities in granting the requisite approvals have impeded the progress of these projects. In recognition of these challenges, Air Selangor has approved a second extension of time ("**EOT**") with a revised completion dates of 16 November 2026 for Package 2 and 31 March 2027 for Package 3, respectively. As EOT No. 2 was granted on an interim basis while the delay event was still ongoing, the Group is currently reassessing the final impact of the delay event on the project schedule and its entitlement to a further extension of time ("**EOT No. 3**"), where applicable. Construction works on both packages continue to progress steadily, and the Group remains focused on delivering the projects within the revised timelines while maintaining effective cost management. Other than the Rasau Projects, the Group is also actively tendering for other infrastructure-related projects to boost its order book.

For the waste management segment, SWMEH continues to record revenue growth from both the solid waste collection and public cleansing services, supported by the ongoing expansion of service coverage areas. SWMEH continues to pursue cost rationalisation and operational optimisation initiatives to improve efficiency despite rising operating costs through enhancements to its in-house i-Jadual Intelligent Work Scheduling System and i-Work System which helped contain direct operating expenditure, notwithstanding higher payroll-related costs following the increase in the mandatory minimum wage early last year. Progress was also made in 2025 in the recovery of long-outstanding receivables, which strengthened the segment's operating cash flows to support working capital needs and capital expenditure. In respect of tariffs, discussions with key government stakeholders, including Solid Waste and Public Cleansing Management Corporation ("**SWCorp**"), the Ministry of Housing and Local Government, and the Department of National Solid Waste Management, on the third cycle tariff review remain ongoing. Until then, the Group continues to recognise a share of losses from this associate, while focusing on cost rationalisation and operational optimisation initiatives.

The Group continues to focus on its growth strategies to invest and grow 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 Jun		6 Months ended 30 Jun	
	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000
	unaudited	unaudited	unaudited	unaudited
Other operating income:				
Interest income on fixed deposits with licensed banks	604	1,099	1,040	1,759
Dividend from investments designated at FVTPL	259	250	500	469
Rental income	942	93	1,041	235
Gain on redemption of investments designated at FVTPL	-	116	-	116
Gain on strike-off of subsidiaries	-	-	46	-
Gain on foreign exchange (unrealised)	63	194	77	234
Fair value changes	149	44	271	161
Reversal of loss allowance on trade receivables and amount due from contract customers	-	3	-	8
Gain on disposal of property, plant and equipment and sundry income	(150)	747	479	1,617
Cost of operations, administrative and other expenses:				
Depreciation and amortisation	(12,671)	(12,016)	(25,857)	(23,830)
Upkeep and maintenance	(4,751)	(5,725)	(10,855)	(11,623)
Imputed interest on borrowing	(36)	(49)	(71)	(97)
Loss on foreign exchange (unrealised)	(62)	(615)	(8)	(741)
Loss on foreign exchange (realised)	-	(446)	(1)	(546)
Reversal of interest income imputed on retention sum	(5)	38	(36)	(57)

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 results 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.

	3 Months ended 30 Jun		6 Months ended 30 Jun	
	2026	2025	2026	2025
	RM'000	RM'000	RM'000	RM'000
	unaudited	unaudited	unaudited	unaudited
Malaysian income tax	10,608	8,901	18,353	15,561
Deferred tax expense	(3,306)	(2,494)	(5,163)	(4,058)
Total income tax expense	**7,302**	**6,407**	**13,190**	**11,503**
Effective tax rate	34.1%	27.2%	34.7%	27.7%

B6 – Status of Corporate Proposals Announced but not Completed

There was no corporate proposal announced but not completed as of 13 August 2026, 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: -

	Long term RM'000	Short term RM'000	Total RM'000
30 Jun 2026 (unaudited)			
Secured - IMTN	149,741	40,000	189,741
Unsecured - Corporate credit cards	-	1,664	1,664
	149,741	**41,664**	**191,405**
30 Jun 2025 (unaudited)			
Secured- IMTN	189,571	40,000	229,571
Unsecured - Corporate credit cards	-	4,450	4,450
	189,571	**44,450**	**234,021**

Out of RM750 million of IMTN programme, Cerah Sama Sdn. Bhd. issued RM420 million in nominal value, which is repayable over eleven (11) annual instalments commencing 2020. During the financial period, the seventh tranche of the IMTN amounting to RM40 million in nominal value was redeemed in full at maturity in January 2026. As at the end of the financial period, the balance of the IMTN of RM190 million in nominal value, is repayable between 2027 and 2030. The next tranche, amounting to RM40 million in nominal value, is scheduled for redemption in January 2027.

The Group have corporate credit cards facilities with licensed banks for operational purposes. The facilities are unsecured and provide an interest-free credit period of 20 days from the date of issuance of the credit card statements. Interest is charged at prevailing market rates on outstanding balances that are not settled within the interest-free period.

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 13 August 2026, 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.

	3 Months ended 30 Jun		6 Months ended 30 Jun	
	2026 unaudited	2025 unaudited	2026 unaudited	2025 unaudited
Profit for the financial period attributable to owners of the Company (RM'000)	11,493	13,445	20,494	23,956
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)	**0.57**	**0.67**	**1.02**	**1.19**

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 RM217.59 million are: -

(a) RM12.92 million held as securities for banking facilities secured by the Group, of which RM5.74 million is maintained in a debt service reserve account for the eighth tranche of the IMTN and its corresponding interest due on 31 January 2027; and

(b) RM4.51 million of budgeted capital expenditure for improvement works in all operating segments.

B12 – Updated Dividend Policy

The Board has updated the Company's Dividend Policy whereby the Board seeks to balance between rewarding shareholders through dividend distributions, preserving the Group's liquidity and/ or reinvesting in the business to support sustainable long-term growth. The latest dividend policy is set out in the Company's website.

B13 – Dividends

The Board is pleased to declare a second interim single-tier dividend of 0.25 sen per share on 2,015,817,574 shares amounting to RM5,040,000 in respect of the financial year ending 31 December 2026, to be payable on 30 September 2026.

For the current financial period, the Board has declared a total single-tier dividend of 0.50 sen to shareholders amounting to RM10,079,000 (YTD Q2FY25: 1.0 sen per share amounting to RM20,158,000) in respect of the financial year ending 31 December 2026.

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
20 August 2026