

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2022**  
**(UNAUDITED)**

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## KEY FINANCIAL HIGHLIGHTS

<i>(in RM'000 unless specified otherwise)</i>	9 months ended 30 Sep		Variance
	<u>2022</u>	<u>2021</u>	(%)
	unaudited	unaudited	#
Revenue	251,857	229,845	↑ 10
Gross profit	96,637	117,181	↓ 18
Profit before taxation (“PBT”)	56,825	100,136	↓ 43
Profit for the period	39,257	90,375	↓ 57
Earnings per share (“EPS”) (sen)	1.69	3.29	↓ 49
Dividends per share (sen)	4.95	4.95	-

# *approximate, to the nearest digit*

- The Group reported a revenue of RM251.86 million for the nine months ended 30 September 2022, an increase of 10% or RM22.01 million compared to the corresponding period. This increase was attributable to higher revenue from the water treatment, supply and distribution and construction segments as well as renewables segment that the Group acquired during the financial period referred to in Note A11. However, the revenue from the toll business segment was lower on account of the toll compensation of RM43.50 million received by Grand Saga Sdn Bhd (“**Grand Saga**”) from the Government of Malaysia for the non-increase in scheduled toll hike in respect of 2020 in the corresponding period.
- The increase in revenue in the water treatment, supply and distribution segment was primarily due to higher metered sales, electricity and chemical rebates from the Sungai Selangor Water Treatment Plant Phase 1 (“**SSPI**”) operations as a result of higher metered sales, electricity and chemical cost in the current period. The higher electricity cost is mainly due to the Imbalance Cost Pass-Through (“**ICPT**”) surcharge imposed by Tenaga Nasional Berhad (“**TNB**”) with effect from 1 February 2022. Apart from that, construction and renewables segments also contributed to the growth in the revenue of the Group through contribution from the Rasau Projects as well as sales of electricity generated by solar photovoltaic plants.
- Despite the higher revenue, the Group registered a lower gross profit by 18% or RM20.54 million. The lower gross profit was mainly due to the receipt of toll compensation in the corresponding period and higher amortisation of intangible assets and depreciation expenses in the current financial period.
- In line with lower gross profit, PBT declined by 43% or by RM43.31 million to RM56.82 million. The lower PBT was also impacted by, amongst others, higher share of losses from associates, lower share of results from jointly controlled entity as well as lower net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL due to reduction in cash reserves over the past twelve months.
- Similarly, the profit for the period was lower by 57% or by RM51.12 million due to higher tax expense as the tax waiver enjoyed by Grand Saga had expired on 31 December 2021.
- EPS decreased by 49%, reflecting lower profit attributable to shareholders of the Company.
- The Board is pleased to declare a third interim single-tier dividend of 1.65 sen per ordinary share amounting to approximately RM33.26 million in respect of the financial year ending 31 December 2022 to be payable on 23 December 2022.

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

		30 Sep 2022	31 Dec 2021
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>ASSETS</b>			
Property, plant and equipment		115,017	6,133
Right-of-use assets		16,940	9,843
Investment properties		100	212
Intangible assets		994,592	1,016,966
Investment in joint venture		69,321	67,601
Investment in associates		140,513	153,123
Other investment		240	240
Goodwill on consolidation		132,654	129,385
Long-term other receivable		18,379	18,379
Deposits, cash and bank balances	B13	47,482	48,449
<b>Total Non-Current Assets</b>		<b>1,535,238</b>	<b>1,450,331</b>
Inventories		2,494	2,287
Amount due from contract customers		6,020	6,581
Trade receivables		60,935	50,523
Other receivables, deposits and prepayments		28,069	11,346
Tax recoverable		8,173	12,678
Investments designated at fair value through profit or loss	B13	132,465	346,443
Deposits, cash and bank balances	B13	41,337	62,228
		279,493	492,086
Assets held-for-sale	B12	804	694
<b>Total Current Assets</b>		<b>280,297</b>	<b>492,780</b>
<b>TOTAL ASSETS</b>		<b>1,815,535</b>	<b>1,943,111</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		438,354	438,354
Merger deficit		(71,500)	(71,500)
Currency translation reserve		(374)	-
Retained earnings		434,118	537,949
<b>Total Equity Attributable to Owners of the Company</b>		<b>800,598</b>	<b>904,803</b>
Non-controlling interests		255,267	252,646
<b>Total Equity</b>		<b>1,055,865</b>	<b>1,157,449</b>
<b>LIABILITIES</b>			
Long-term borrowings	B7	298,815	328,540
Lease liabilities		19,642	9,950
Long-term trade payables		863	893
Provisions		35,725	24,952
Deferred income		77,790	77,790
Deferred tax liabilities		228,861	234,196
<b>Total Non-Current Liabilities</b>		<b>661,696</b>	<b>676,321</b>
Trade payables		28,041	41,516
Other payables and accruals		33,762	17,624
Provisions		126	563
Short-term borrowings	B7	30,000	30,000
Lease liabilities		1,256	2,675
Deferred income		3,747	14,864
Tax liabilities		1,042	2,099
<b>Total Current Liabilities</b>		<b>97,974</b>	<b>109,341</b>
<b>TOTAL LIABILITIES</b>		<b>759,670</b>	<b>785,662</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,815,535</b>	<b>1,943,111</b>

**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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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	<b>91,278</b>	<b>102,305</b>	<b>251,857</b>	<b>229,845</b>
Cost of operations		(54,504)	(34,464)	(155,220)	(112,664)
<b>Gross profit</b>		<b>36,774</b>	<b>67,841</b>	<b>96,637</b>	<b>117,181</b>
Other operating income		2,082	5,204	7,588	10,781
Administrative and other expenses		(7,680)	(8,753)	(23,810)	(26,560)
<b>Operating profit</b>		<b>31,176</b>	<b>64,292</b>	<b>80,415</b>	<b>101,402</b>
Finance costs		(4,547)	(4,862)	(13,518)	(14,294)
Share of results of joint venture		656	5,037	1,720	5,645
Share of results of associates		(5,267)	2,772	(11,792)	7,383
<b>Profit before tax</b>	B4	<b>22,018</b>	<b>67,239</b>	<b>56,825</b>	<b>100,136</b>
Income tax expense	B5	(6,623)	(3,886)	(17,568)	(9,761)
<b>Profit for the financial period</b>		<b>15,395</b>	<b>63,353</b>	<b>39,257</b>	<b>90,375</b>
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		(222)	-	(374)	-
<b>Total comprehensive income for the financial period</b>		<b>15,173</b>	<b>63,353</b>	<b>38,883</b>	<b>90,375</b>
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		12,507	41,358	34,139	66,312
Non-controlling interests		2,888	21,995	5,118	24,063
		<b>15,395</b>	<b>63,353</b>	<b>39,257</b>	<b>90,375</b>

## **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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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>
<b>Total comprehensive income for the financial period attributable to:</b>					
Owners of the Company		12,285	41,358	33,765	66,312
Non-controlling interests		2,888	21,995	5,118	24,063
		<b>15,173</b>	<b>63,353</b>	<b>38,883</b>	<b>90,375</b>
<b>Basic and diluted earnings per share attributable to owners of the Company (sen per share)</b>					
	B10	0.62	2.05	1.69	3.29

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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
<b>As of 1 January 2022</b>	<b>438,354</b>	<b>(71,500)</b>	-	<b>537,949</b>	<b>904,803</b>	252,646	<b>1,157,449</b>
Profit for the financial period	-	-	-	34,139	34,139	5,118	39,257
<b>Other Comprehensive Income:</b>							
Currency translation differences	-	-	(374)	-	(374)	-	(374)
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>(374)</b>	<b>34,139</b>	<b>33,765</b>	<b>5,118</b>	<b>38,883</b>
<b>Transactions with owners of the Company:</b>							
Dividends paid	A7	-	-	(99,783)	(99,783)	-	(99,783)
Dividends paid by a subsidiary to non-controlling interest		-	-	-	-	(2,450)	(2,450)
Non-controlling interest arising from business combination		-	-	-	-	(978)	(978)
Changes in ownership interests in subsidiaries	A11(b)(ii)	-	-	(38,187)	(38,187)	-	(38,187)
Reduction in non-controlling interest arising from increase in stake in subsidiaries	A11(b)(ii)	-	-	-	-	931	931
<b>Total transactions with owners of the Company</b>		<b>-</b>	<b>-</b>	<b>(137,970)</b>	<b>(137,970)</b>	<b>(2,497)</b>	<b>(140,467)</b>
<b>As of 30 Sep 2022 (unaudited)</b>		<b>438,354</b>	<b>(71,500)</b>	<b>(374)</b>	<b>434,118</b>	<b>800,598</b>	<b>255,267</b>
							<b>1,055,865</b>

## **CONDENSED STATEMENTS OF CHANGES IN EQUITY**

	<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>Retained earnings</u>	<u>Total</u>		
	RM'000	RM'000	RM'000	RM'000		
<b>As of 1 January 2021</b>	<b>438,354</b>	<b>(71,500)</b>	<b>592,493</b>	<b>959,347</b>	<b>248,385</b>	<b>1,207,732</b>
Profit for the financial period	-	-	66,312	66,312	24,063	90,375
<b>Total comprehensive income for the financial year</b>	-	-	66,312	66,312	24,063	90,375
<b>Transactions with owners of the Company:</b>						
Dividend paid	-	-	(99,783)	(99,783)	-	(99,783)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	(10,290)	(10,290)
<b>Total transactions with owners of the Company</b>	-	-	(99,783)	(99,783)	(10,290)	(110,073)
<b>As of 30 Sep 2021 (unaudited)</b>	<b>438,354</b>	<b>(71,500)</b>	<b>559,022</b>	<b>925,876</b>	<b>262,158</b>	<b>1,188,034</b>

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2021</u> <u>RM'000</u> <u>unaudited</u>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	56,825	100,136
Adjustments for:		
Non-cash items	27,295	(7,717)
Interest income	(1,550)	(1,239)
Finance costs	13,518	14,294
Operating Profit Before Working Capital Changes	96,088	105,474
Net (increase)/decrease in inventories, amount due from contract customers, trade and other receivables	(22,568)	45,515
Net increase/(decrease) in trade and other payables and deferred income	1,013	(38,937)
Cash Generated From Operations	74,533	112,052
Income tax paid	(18,239)	(8,629)
Income tax refunded	39	18
<b>Net Cash From Operating Activities</b>	<b>56,333</b>	<b>103,441</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Interest received	1,568	1,184
Property, plant and equipment:		
- Proceeds from disposal	205	1,183
- Purchases	(2,865)	(458)
Dividend received from an associate	817	901
Investments designated at FVTPL:		
- Purchase	(107,903)	(46,000)
- Proceeds from redemption	325,043	296,905
Payment for acquisition of non-controlling interests ( <i>Note A11(b)(i)</i> )	(37,256)	-
Net cash inflow from acquisition of subsidiaries ( <i>Note A11(a)(iii)</i> )	32,588	-
Withdrawals of deposits pledged as security	973	4,834
<b>Net Cash From Investing Activities</b>	<b>213,170</b>	<b>258,549</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Interest paid	(18,270)	(19,685)
Repayment of borrowings	(42,121)	(30,148)
Repayment of previous shareholder' loans owing by subsidiaries ( <i>Note A11(a)(i)</i> )	(125,614)	-
Repayment of lease liabilities	(2,171)	(1,809)
Dividends paid ( <i>Note A7</i> )	(99,783)	(99,783)
Dividends paid by a subsidiary to non-controlling interests	(2,450)	(10,290)
<b>Net Cash Used In Financing Activities</b>	<b>(290,409)</b>	<b>(161,715)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(20,906)</b>	<b>200,275</b>
Effect of Exchange Rate Changes	16	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>	<b>62,227</b>	<b>64,617</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD</b>	<b>41,337</b>	<b>264,892</b>



**CONDENSED STATEMENTS OF CASH FLOWS**

	<u>9 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM'000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2021</u> <u>RM'000</u> <u>unaudited</u>
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	60,696	285,563
Cash and bank balances	28,123	27,890
Total deposits, cash and bank balances	88,819	313,453
Less: Deposits pledged as security	(47,482)	(48,561)
	<b><u>41,337</u></b>	<b><u>264,892</u></b>

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2021 (“**Audited Financial Statements**”). The selected explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

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

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

In the current financial period, the Group adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial years beginning on or after 1 January 2022.

<b>Amendments to MFRSs</b>	<b>Description</b>
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Annual Improvement to MFRS Standards 2018-2020	

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

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

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9-Comparative Information
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

## A1 – Basis of Preparation (continued)

### (ii) Adoption of significant accounting policies arising from the acquisitions of subsidiaries referred to in Note A11

#### Right-of-Use Assets and Lease Liability

The Group holds the entire equity interest in three (3) Feed-In Approval Holders (“**FIAHs**”) i.e. TR Sepang Sdn. Bhd. (f.k.a. “Fortune 11 Sdn. Bhd.”) (“**TR Sepang**”), TR Saterm Sdn. Bhd. (f.k.a. “Corporate Season Sdn. Bhd.”) (“**TR Saterm**”) and TR Cpark Sdn. Bhd. (f.k.a. “Silverstar Pavillion Sdn. Bhd.”) (“**TR Cpark**”). The FIAHs has entered into land lease agreements in which the FIAHs lease lands for the purpose of installing solar photovoltaic plants to generate electricity. The FIAHs has the right-of-use over the leased spaces and accordingly, recognised a right-of-use assets and a corresponding lease liability in the statement of financial position pursuant to MFRS 16: Leases.

The amount recognised is based on the remaining payment obligations from existing operating leases which are discounted using the incremental borrowing rate. The right-of-use assets are depreciated on a straight-line basis over the remaining period of the lease term. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on lease liability using the effective interest method and by reducing the carrying amount to reflect the lease payments made.

#### Revenue recognition

The FIAHs entered into Renewable Energy Power Purchase Agreements (“**REPPAs**”) with off-takers to generate and supply renewable energy for 21 years from the commencement date. The revenue is derived from the REPPAs whereby the FIAHs recognise revenue from the sale of electricity at the point in time as and when each energy output of electricity is sold to the off-takers in accordance with MFRS15: Revenue from Contract with Customers.

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

<u>Foreign currency</u>	<u>30 Sep 2022</u>	<u>30 Jun 2022</u>
	<u>RM</u>	<u>RM</u>
1 US Dollar (USD)	4.63	4.41

## A2 – Comments about the Seasonal or Cyclicity of Interim Operations

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

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

Except for the consolidation of the newly acquired subsidiaries referred to in Note A11, 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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	46,769	41,675	138,173	125,895
Toll revenue and operator fee	18,134	10,600	52,711	37,020
Revenue from construction contracts	15,187	1,404	34,468	8,020
Management fees	1,251	1,251	3,751	3,751
Sales of electricity	6,191	-	11,637	-
	<u>87,532</u>	<u>54,930</u>	<u>240,740</u>	<u>174,686</u>
<i>Revenue from other sources:</i>				
Deferred income	3,746	47,375	11,117	55,159
Revenue as per Condensed Statement of Comprehensive Income	<u>91,278</u>	<u>102,305</u>	<u>251,857</u>	<u>229,845</u>
<i>Timing of revenue recognition for revenue from contracts with customers:</i>				
At a point in time	71,094	52,276	202,521	162,916
Over time	16,438	2,654	38,219	11,770
	<u>87,532</u>	<u>54,930</u>	<u>240,740</u>	<u>174,686</u>

#### A5 – Accounting Estimates

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

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

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

#### A7 – Dividends Paid

The total dividends paid to shareholders during the financial period amounted to RM99,783,000 (2021: RM99,783,000) as follows: -

- On 22 February 2022, the Board declared a fourth interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33,261,000 in respect of the financial year ended 31 December 2021 which was paid on 25 March 2022;
- On 26 May 2022, the Board declared a first interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33,261,000 in respect of the financial year ending 31 December 2022 which was paid on 30 June 2022; and
- On 24 August 2022, the Board declared a second interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33,261,000 in respect of the financial year ending 31 December 2022 which was paid on 30 September 2022.

## 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.

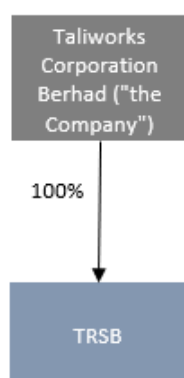
## A9 - Contingent Liabilities

There are no material contingent liabilities as at the end of the current financial period and up to 14 November 2022 (being a date not earlier than 7 days from the date of these interim financial statements).

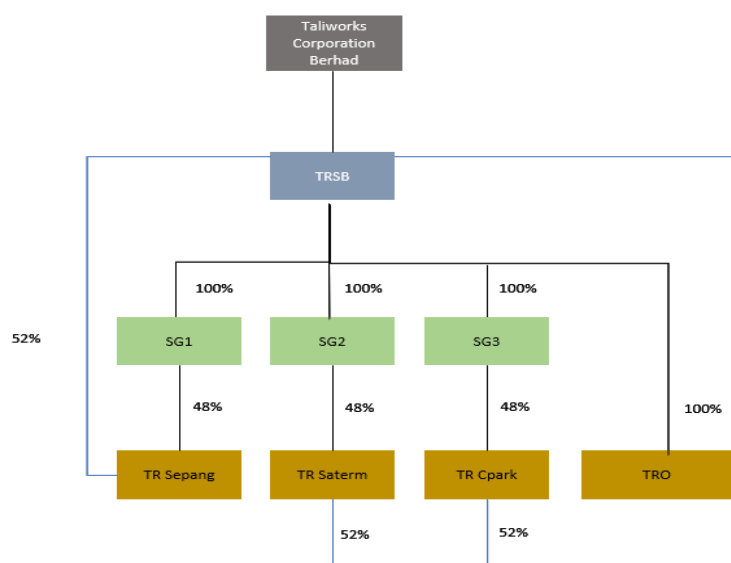
## A10–Changes in Composition of the Group

Save and except for the changes in the Group’s structure arising from the completion of the acquisitions referred to in Note A11(a) and (b) below, there were no other 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:

### Before the acquisitions



### After the acquisitions



Upon completion of the acquisitions,

- the Group held the entire equity interest in the three (3) FIAHs. The FIAHs are solar asset companies operating under the Feed-in-Tariff programme administered by the Sustainable Energy Development Authority (“SEDA”), and operate four solar projects with an aggregate capacity of 19MWp within the vicinity of the Kuala Lumpur International Airport; and
- TR (SG1) Pte. Ltd. (f.k.a “Sunedison Solar Holdings 1 Pte. Ltd.”) (“SG1”), TR (SG2) Pte. Ltd. (f.k.a “Sunedison Solar Holdings 2 Pte. Ltd.”) (“SG2”), TR (SG3) Pte. Ltd. (f.k.a “Sunedison Solar Holdings 3 Pte. Ltd.”) (“SG3”) and Taliworks Renewables Operations Sdn. Bhd. (f.k.a. “Terraform Global Operating (Malaysia) Sdn. Bhd.”) (“TRO”) became indirect subsidiaries of the Company via direct ownership in Taliworks Renewables Sdn. Bhd. (“TRSB”), a wholly-owned subsidiary. TRO provides end-to-end operations and maintenance services to the FIAHs.

## A11 – Other Significant Events and Transactions

Save and 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) the completion of acquisitions of the majority equity interest in the FIAHs via direct acquisition of the entire equity interest in SG1, SG2, SG3 and TRO, for a purchase consideration of RM144.1 million on 21 April 2022

Arising from the acquisitions, the Group gained control over the FIAHs and TRO and therefore, they are accounted for using the acquisition method in accordance with MFRS 3: Business Combinations and MFRS 10: Consolidated Financial Statements, which resulted in a goodwill on consolidation to the Group amounting to RM3,269,000.

The analysis of the above acquisition is as follows: -

- (i) Consideration transferred

	<u>Group</u> <u>2022</u> <u>RM'000</u> <u>unaudited</u>
Aggregate Transaction Sum	144,050
Adjustments*	<u>(16,217)</u>
	127,833
Settlement of previous shareholders' loans to the vendor	<u>(125,614)</u>
	2,219
Equity Consideration paid in cash	<u><u>2,219</u></u>

\* The equity consideration was adjusted downward by RM16.22 million as mutually agreed upon by the vendor and the Group pursuant to the Conditional Share Sale and Purchase Agreement (“SPA”) executed by the parties.

- (ii) Identifiable assets, liabilities and goodwill on consolidation arising from the acquisitions as at the date of acquisition were as follows:

	<u>Group</u> <u>2022</u> <u>RM'000</u> <u>unaudited</u>
Non-current assets	121,785
Current assets	53,732
Current liabilities	(157,560)
Non-current liabilities	<u>(19,985)</u>
Total identifiable net liabilities	<u><u>(2,028)</u></u>
Proportionate share of identifiable net liabilities	(1,050)
Less: Equity consideration transferred	<u>(2,219)</u>
	(3,269)
Goodwill on consolidation	<u><u>(3,269)</u></u>

## A11 – Other Significant Events and Transactions (continued)

The Group has engaged an independent firm to undertake a purchase price allocation exercise to determine the fair values to be assigned to the acquired entities' identifiable assets and liabilities pursuant to the requirements on MFRS 3: Business Combinations. Upon finalisation of this exercise, the resulting goodwill on consolidation will be adjusted accordingly.

(iii) Net cash inflow on acquisition of subsidiaries

	<u>Group</u> <u>2022</u> <u>RM'000</u> <u>unaudited</u>
Consideration paid in cash	(2,219)
Less: Cash and cash equivalents acquired	<u>34,807</u>
	<u>32,588</u>

(b) the completion of acquisitions of the remaining equity interest in four solar projects referred to in Note 48(b) to the Audited Financial Statements not held by SG1, SG2 and SG3 for a purchase consideration of RM37.5 million on 15 June 2022

(i) Consideration transferred

	<u>Group</u> <u>2022</u> <u>RM'000</u> <u>unaudited</u>
Aggregate Transaction Sum	37,500
Less: Settlement of dividends owing to a minority shareholder pursuant to the share sale and purchase agreement	<u>(244)</u>
Equity Consideration paid in cash	<u>37,256</u>

(ii) The financial effects of the acquisition of non-controlling interests are as follows:

	<u>Group</u> <u>2022</u> <u>RM'000</u> <u>unaudited</u>
Proportionate share of the carrying amount of the net liabilities at date of acquisition	(931)
Less: Consideration paid	<u>(37,256)</u>
Positive movement in equity	<u>(38,187)</u>

## 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 unaudited	Water		Waste management		Construction		Toll highway		Renewables		Others		Total		Reconciliation		Amount as per Statement of	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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
Revenue	46,769	41,675	84,261	80,485	15,187	1,404	16,101	40,706	6,191	-	1,251	1,251	163,760	165,521	(78,482)	(63,216)	91,278	102,305
EBITDA(i)	15,200	17,728	14,588	23,744	469	(466)	14,160	39,883	7,594	-	(1,360)	(1,453)	50,651	79,436	(8,078)	(7,542)	42,573	71,894
Depreciation and amortization	(66)	(83)	(1,288)	(2,316)	175	(10)	(5,946)	(6,161)	(4,206)	-	(826)	(893)	(12,157)	(9,463)	760	1,861	(11,397)	(7,602)
Operating profit	15,134	17,645	13,300	21,428	644	(476)	8,214	33,722	3,388	-	(2,186)	(2,346)	38,494	69,973	(7,318)	(5,681)	31,176	64,292
Finance costs	-	-	(7,236)	(6,764)	-	-	(2,618)	(2,967)	(122)	-	(167)	(200)	(10,143)	(9,931)	5,536	5,069	(4,547)	(4,862)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	656	5,037	656	5,037
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,267)	2,772	(5,267)	2,772
Profit before tax	15,134	17,645	6,064	14,664	644	(476)	5,596	30,755	3,266	-	(2,353)	(2,546)	28,351	60,042	(6,333)	7,197	22,018	67,239
Income tax expense	(3,697)	(3,368)	(3,212)	(6,333)	-	(6)	(1,575)	(2,464)	1	-	(1,028)	-	(15,511)	(12,177)	8,888	8,291	(6,623)	(3,886)
<b>Profit for the financial year</b>	<b>11,437</b>	<b>14,277</b>	<b>(3,148)</b>	<b>8,325</b>	<b>644</b>	<b>(482)</b>	<b>4,021</b>	<b>28,291</b>	<b>3,267</b>	<b>-</b>	<b>(3,381)</b>	<b>(2,546)</b>	<b>12,840</b>	<b>47,865</b>	<b>2,555</b>	<b>15,488</b>	<b>15,395</b>	<b>63,353</b>
EBDA(ii)	11,503	14,360	(1,860)	10,641	469	(472)	9,967	34,452	7,473	-	(2,555)	(1,653)	24,997	57,328	1,795	13,627	26,792	70,955
Capex(iii)	109	147	8,236	673	30	4	168	68	-	-	26	11	8,629	903	-	-	-	-



## 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 unaudited	Water		Waste management		Construction		Toll highway		Renewables		Others		Total		Reconciliation		Amount as per Statement of Comprehensive Income	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	138,173	125,895	248,660	239,729	34,468	8,020	47,009	66,735	11,637	-	3,751	3,751	483,698	444,130	(231,841)	(214,285)	251,857	229,845
EBITDA(i)	48,426	47,445	42,243	69,311	1,377	(1,740)	38,181	58,771	9,788	-	(2,736)	(4,827)	137,279	168,960	(26,103)	(46,469)	111,176	122,491
Depreciation and amortisation	(223)	(326)	(3,811)	(7,299)	(17)	(27)	(17,453)	(15,011)	(4,358)	-	(2,617)	(2,698)	(28,479)	(25,361)	(2,282)	4,272	(30,761)	(21,089)
Operating profit	48,203	47,119	38,432	62,012	1,360	(1,767)	20,728	43,760	5,430	-	(5,353)	(7,525)	108,800	143,599	(28,385)	(42,197)	80,415	101,402
Finance costs	-	-	(21,428)	(19,940)	-	-	(8,109)	(8,983)	(216)	-	(501)	(607)	(30,254)	(29,530)	16,736	15,236	(13,518)	(14,294)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,720	5,645	1,720	5,645
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,792)	7,383	(11,792)	7,383
Profit before tax	48,203	47,119	17,004	42,072	1,360	(1,767)	12,619	34,777	5,214	-	(5,854)	(8,132)	78,546	114,069	(21,721)	(13,933)	56,825	100,136
Income tax expense	(11,008)	(9,785)	(22,905)	(18,192)	-	(6)	(4,542)	(3,008)	(17)	-	(1,028)	-	(39,500)	(30,991)	21,932	21,230	(17,568)	(9,761)
<b>Profit for the financial year</b>	<b>37,195</b>	<b>37,334</b>	<b>(5,901)</b>	<b>23,880</b>	<b>1,360</b>	<b>(1,773)</b>	<b>8,077</b>	<b>31,769</b>	<b>5,197</b>	<b>-</b>	<b>(6,882)</b>	<b>(8,132)</b>	<b>39,046</b>	<b>83,078</b>	<b>211</b>	<b>7,297</b>	<b>39,257</b>	<b>90,375</b>
EBDA(ii)	37,418	37,660	(2,090)	31,179	1,377	(1,746)	25,530	46,780	9,555	-	(4,265)	(5,434)	67,525	108,439	2,493	3,025	70,018	111,464
Capex(iii)	232	177	10,958	1,502	2,401	29	279	93	101	-	47	16	14,018	1,817	-	-	-	-

## 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 year.

### Notes

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

As at 30 Sep unaudited	<u>Water treatment, supply and distribution</u>		<u>Waste management</u>		<u>Construction</u>		<u>Toll highway</u>		<u>Renewables</u>		<u>Others</u>		<u>Total</u>	
	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000	<u>2022</u> RM'000	<u>2021</u> RM'000
Segment assets	134,786	250,902	127,928	153,196	49,022	20,339	1,257,715	1,319,781	158,214	-	87,870	228,864	1,815,535	1,973,082
Segment liabilities	(20,202)	(40,682)	-	-	(43,749)	(8,813)	(668,459)	(717,185)	(21,316)	-	(5,944)	(18,368)	(759,670)	(785,048)
Net segment assets	<b>114,584</b>	<b>210,220</b>	<b>127,928</b>	<b>153,196</b>	<b>5,273</b>	<b>11,526</b>	<b>589,256</b>	<b>602,596</b>	<b>136,898</b>	<b>-</b>	<b>81,926</b>	<b>210,496</b>	<b>1,055,865</b>	<b>1,188,034</b>

**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 2022 (unaudited) RM’000	As at 31 Dec 2021 (audited) RM’000	Variance (%) #
Total assets	1,815,535	1,943,111	↓ 7
Total liabilities	759,670	785,662	↓ 3
Total shareholders’ equity	1,055,865	1,157,449	↓ 9
Return on equity (%)*	3.6	8.7	↓ 59
Net assets per share (sen)	39.72	44.89	↓ 12

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

# *approximate, to the nearest digit*

- (a) The Group’s total assets declined by 7% or approximately RM127.58 million mainly due to lower investments designated at FVTPL, cash and bank balances of approximately RM235.84 million principally due to the full settlement of previous shareholder’s loans and external bank borrowing owing by the FIAHs totalling RM137.73 million pursuant to the SPA, dividend payments to shareholders, repayments of the Islamic Medium-Term Notes (“**IMTN**”) under a IMTN (Sukuk) Programme issued by Cerah Sama Sdn Bhd (“**Cerah Sama**”) interest payments and payments to trade payables during the financial period. In addition, the carrying amount of intangible assets reduced by approximately RM22.37 million due to amortisation charges. Nevertheless, the decrease in total assets was mitigated by the impact of consolidation of assets, primarily Property, Plant and Equipment, with a net book value of RM112.49 million, arising from the acquisitions of the solar power projects.
- (b) Total liabilities decreased by 3% or approximately RM25.99 million mainly due to reduction of borrowings on account of redemption of the third tranche of the IMTN of RM30.00 million. Nevertheless, the decrease in total liabilities was mitigated by the impact of consolidation of liabilities assumed by the Group arising from the acquisitions of the solar power projects.
- (c) Total shareholders’ equity was lower by 9% or about RM101.59 million on account of dividends paid to shareholders of the Company and the impact of the acquisition of equity interest from the minority shareholder of FIAHs (referred to Note A11(b)). The decrease was however mitigated by profit recorded for the financial period. Correspondingly, the net assets per share declined to 39.72 sen compared to 44.89 sen as of 31 December 2021.

## 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 2022</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>30 Sep 2021</u> <u>RM’000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM’000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2021</u> <u>RM’000</u> <u>unaudited</u>
<i>Revenue</i>				
Water treatment, supply and distribution	46,769	41,675	138,173	125,895
Construction	15,187	1,404	34,468	8,020
Toll highway	21,880	57,975	63,828	92,179
Renewables	6,191	-	11,637	-
Others	1,251	1,251	3,751	3,751
<b>Revenue as per Condensed Statement of Comprehensive Income</b>	<b>91,278</b>	<b>102,305</b>	<b>251,857</b>	<b>229,845</b>

### Profit Before Tax

	<u>3 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>30 Sep 2021</u> <u>RM’000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2022</u> <u>RM’000</u> <u>unaudited</u>	<u>9 Months</u> <u>ended</u> <u>30 Sep 2021</u> <u>RM’000</u> <u>unaudited</u>
Water treatment, supply and distribution	16,576	17,646	48,204	47,119
Construction	635	(480)	1,351	(1,779)
Toll highway	12,757	50,772	30,782	64,887
Renewables	3,389	-	5,430	-
Others	(2,181)	(3,646)	(5,352)	(8,825)
<b>Operating profit</b>	<b>31,176</b>	<b>64,292</b>	<b>80,415</b>	<b>101,402</b>
Finance cost	(4,547)	(4,862)	(13,518)	(14,294)
Share of results of joint venture	656	5,037	1,720	5,645
Share of results of associates	(5,267)	2,772	(11,792)	7,383
<b>Profit before tax for the financial period</b>	<b>22,018</b>	<b>67,239</b>	<b>56,825</b>	<b>100,136</b>

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

#### Overall Summary

For the current quarter, the Group recorded a revenue of RM91.28 million, a decrease of RM11.03 million from RM102.31 million in the corresponding quarter. The receipt of toll compensation by Grand Saga in the corresponding quarter was the primary cause of the lower Group revenue. However, the lower revenue from toll segment was mitigated by contribution from water treatment, supply and distribution segment, construction segment as well as renewables segment. SSP1 operations, the sole-source of revenue for the water treatment, supply and distribution segment, recorded higher metered sales as well as higher electricity and chemical rebates due to higher electricity costs during the current quarter. The higher electricity cost was due to the ICPT surcharge imposed by TNB with effect from 1 February 2022.

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

### Part B – Review of Income Statement (continued)

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

The Group revenue from the construction segment is contributed from two projects to develop two packages under Stage 1 of the Sungai Rasau water supply scheme. The projects are (a) Design and Build of Proposed Rasau Treated Water Pumping Station, Treated Water Pumping Mains to Existing Bukit Lipat Kajang Reservoirs, Distribution and Associated Works (Package 2); and (b) Design and Build of Proposed New Bukit Lipat Kajang Booster Station, Reservoirs and Associated Works (Package 3) (collectively referred to as the “**Rasau Projects**”) whereas for the renewables segment, the revenue is contributed by way of sales of electricity generated from the solar photovoltaic plants.

In line with the decline in revenue, the Group reported a lower PBT of RM22.02 million compared to RM67.24 million in the corresponding quarter. The lower PBT was also attributable to the following: -

- (a) lower share of results from a jointly controlled entity, Grand Sepadu (NK) Sdn Bhd (“**Grand Sepadu**”) of RM0.66 million (Q3FY21: RM5.04 million);
- (b) share of losses from an associate, SWM Environment Holdings Sdn Bhd (“**SWMEH**”) of RM5.63 million as compared to share of profit of RM2.33 million in the corresponding quarter;
- (c) higher amortisation of intangible assets from the toll division of RM7.64 million (Q3FY21:RM6.22 million) and depreciation expenses from the renewables segment of RM2.27 million (Q3FY21:Nil) recognised in the current quarter; and
- (d) lower net returns from interest income, dividend and gain on redemption from investments designated at FVTPL of RM1.52 million (Q3FY21: RM2.01 million); lower gain on disposal of property, plant and equipment and sundry income recorded in the current quarter of RM0.34 million (Q3FY21: RM3.04 million).

However, the decrease in PBT was mitigated by, amongst others, lower financing costs of RM4.55 million (Q3FY21: RM4.86 million).

#### Water treatment, supply and distribution

The division’s operating revenue recorded an increase from RM41.68 million to RM46.77 million due to higher metered sales of RM37.69 million (Q3FY21: RM35.13 million) and electricity and chemical rebates of RM9.08 million (Q3FY21: RM6.54 million) in the SSP1 operations.

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

<b>SSP1</b>	<b>Q3 - 2022</b>	<b>Q3 - 2021</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	91.9	86.7	↑ 6.0
Number of billing days	92	92	
Average MLD	999	942	↑ 6.1

Despite the higher revenue, the segment recorded lower operating profit of RM16.58 million as compared to RM17.65 million recorded in the corresponding quarter. The lower operating profit is mainly due to lower net returns from interest income, dividend and gain on redemption from investments designated at FVTPL of RM0.24 million (Q3FY21: RM1.57 million) in the current quarter, coupled with higher gain on disposal of property, plant and equipment and sundry income recorded in the corresponding quarter of RM2.65 million compared to RM0.10 million recorded 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)

##### Construction

The construction revenue for the current quarter was higher by RM13.78 million mainly due to contribution from the Rasau Projects, whilst the contribution from the Proposed Construction and Completion of 76ML RC Reservoir R4 and Related Ancillary Works at Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan (“**CRJ4 Project**”) was not materially different from the corresponding quarter. In line with increase in revenue and coupled with an upward revision in the projected construction margin for the Rasau Projects in the current quarter, the segment recorded an operating profit of RM0.64 million as compared to an operating loss of RM0.48 million in the corresponding quarter.

##### Toll highway - Subsidiary

<b>Average Daily Traffic (“ADT”)</b>	<b>Q3 - 2022</b>	<b>Q3 - 2021</b>	<b>Variance (%)</b>
Grand Saga Highway	146,936	85,016	↑ 73

Despite the increase in ADT by 73% in the Grand Saga Highway, revenue was significantly lower by RM36.10 million due to the receipt of toll compensation in the corresponding quarter. The company recorded toll collections of RM18.14 million, an increase from RM10.6 million in the corresponding quarter. In line with the lower revenue and coupled with higher amortisation of intangible assets of RM7.64 million (Q3FY21: RM6.22 million), the segment recorded lower operating profit by RM38.02 million as compared to the corresponding quarter. Other than the higher amortisation charges, there were no significant variances in operating and other costs.

##### Toll highway – Share of results of joint venture

<b>ADT</b>	<b>Q3 - 2022</b>	<b>Q3 - 2021</b>	<b>Variance (%)</b>
Grand Sepadu Highway	87,074	63,457	↑ 37

For the Grand Sepadu Highway, ADT was higher by 37% in the current quarter. Nevertheless, the Group’s share of results in Grand Sepadu was significantly lower at RM0.66 million (Q3FY21: RM5.04 million) due to the receipt of toll compensation of RM19.83 million from the Government of Malaysia for the non-increase in scheduled toll hike in respect of year 2016 and 2020 in the corresponding quarter as well as a write-back of over-provision for heavy repairs amounting to RM1.50 million and higher other income in the corresponding quarter. However, the decline in the share of results was mitigated by lower amortisation of intangible assets of RM3.81 million (Q3FY21: RM5.72 million) and tax expenses on account of a reduction in the profit 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)**

##### 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 RM5.63 million as compared to a share of profit of RM2.33 million in the corresponding quarter due to lower PAT recorded by SWMEH and higher adjustments made by the Group of RM59.87 million (Q3FY21: RM48.78 million) to SWMEH’s PAT due to higher deduction of dividends on cumulative preferences shares held by parties other than the Group commencing 1 January 2022. At SWMEH’s company level, the revenue from both solid waste collection and public cleansing services was higher by 4.7% in the current quarter mainly attributable to handing over of new areas by its customer as well as resumption of cleansing activities at certain areas upon transition to the endemic phase on 1 April 2022. Nevertheless, the company recorded a lower PAT at RM43.78 million as compared to RM55.45 million mainly due to higher expenses, amongst others, payroll related costs as a result of an upward revision in the minimum wages from RM1,200 to RM1,500 with effect from 1 May 2022, provision for loss allowance on receivables, repair and maintenance, finance costs and taxes. However, these were offset by lower depreciation due to certain assets having been fully depreciated and lower sub-contract costs.

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

##### Overall Summary

Despite receiving toll compensation in the corresponding period, the Group’s revenue increased significantly by RM22.01 million to RM251.86 million from RM229.85 million in the preceding financial period. This increase was attributable to higher revenue from water treatment, supply and distribution and construction segments as well as revenue contribution from renewables segment.

Despite the increase in revenue, the Group registered a lower PBT of RM56.82 million as compared to RM100.14 million achieved in the corresponding period.

The lower PBT was mainly attributable by the following: -

- (a) higher amortisation of intangible asset from the toll division of RM22.37 million (YTD Q3FY21: RM16.87 million) and depreciation expenses from the renewables segment of RM3.99 million (YTD Q3FY21: Nil) in the current financial period;
- (b) lower share of results from a jointly controlled entity, Grand Sepadu of RM1.72 million (YTD Q3FY21: RM5.65 million) due to receipt of toll compensation by Grand Sepadu in the corresponding period;
- (c) higher share of losses from associates amounting to RM11.79 million as compared to share of profit of RM7.38 million in the corresponding period;
- (d) lower net returns of RM4.81 million (YTD Q3FY21: RM6.43 million) from interest income, dividend and net gain on redemption from investments designated at FVTPL; and
- (e) lower gain on disposal of property, plant and equipment and sundry income of RM1.83 million (YTD Q3FY21: RM3.62 million).

However, the lower PBT was mitigated by reversal of gain on modification on trade and other payables amounting to RM1.35 million recognised in corresponding period as disclosed in Note B4.

## 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)

##### Water treatment, supply and distribution

At the operating level, water treatment, supply and distribution division recorded a revenue of RM138.17 million, which is higher than RM125.90 million achieved a year ago due to higher metered sales, electricity and chemical rebates in the SSP1 operations as follows: -

<b>SSP1</b>	<b>YTD Sep 2022</b>	<b>YTD Sep 2021</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	272.3	259.4	↑ 5.0
Number of billing days	273	273	
Average MLD	998	950	↑ 5.1

The segment operating profit was higher at RM48.20 million compared to RM47.12 million a year ago in line with the increase in revenue. In addition, the increase in segment’s operating profit was also due to lower rehabilitation and maintenance expenses in the current financial period as well as reversal of gain on modification on trade and other payable in the corresponding financial period. However, the higher operating profit was impacted by lower net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL of RM0.59 million (YTD Q3FY21: RM5.30 million) as well as lower gain on disposal of property, plant and equipment and sundry income of RM0.2 million (YTD Q3FY21: RM2.74 million).

##### Construction

The segment recorded a significant increase in the revenue where it achieved a revenue of RM34.47 million as compared to RM8.02 million in the corresponding period, mainly due to contribution from Rasau Projects of approximately RM28.82 million. In contrast, the CRJ4 Project recorded a revenue of RM5.63 million in the current financial period, lower than the RM8.02 million achieved in the corresponding period. In line with the increase in revenue, the segment also recorded operating profit of RM1.35 million as compared to an operating loss of RM1.78 million in the corresponding period. The higher operating profit was also attributable to an upward revision in the projected construction margin for the CRJ4 Project. In contrast, the operating loss in the corresponding period was due to the downward revision in the projected construction margin for the CRJ4 Project mainly due to increase in prices of steel bars.

##### Toll operations - Subsidiary

<b>ADT</b>	<b>YTD Sep 2022</b>	<b>YTD Sep 2021</b>	<b>Variance (%)</b>
Grand Saga Highway	144,981	100,132	↑ 45

As expected, revenue contribution from Grand Saga decreased significantly to RM63.83 million from RM92.18 million due to receipt of toll compensation in the corresponding period. However, the Grand Saga Highway performed better compared to a year ago with an increase in the ADT by 45%. In line with the decrease in revenue and coupled with the impact on higher amortisation of intangible asset of RM22.37 million (YTD Q3FY21: RM16.87 million) in the current financial period, the segment’s operating profit was lower by RM34.10 million.



## 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)

##### Toll operations - Share of results of joint venture

ADT	YTD Sep 2022	YTD Sep 2021	Variance (%)
Grand Sepadu Highway	86,087	70,281	↑ 22

Despite a 22% increase in ADT, the Group’s share of results in Grand Sepadu was significantly lower as compared to the corresponding period due to receipt of toll compensation and write-back of over-provision for heavy repairs in the corresponding period. Nevertheless, the share of results was mitigated by lower amortisation of intangible assets, finance cost and tax expenses in the current financial period.

##### Waste management - Share of results of associate

The Group’s share of losses from SWMEH was RM12.97 million compared to share of profit of RM6.29 million in the corresponding period due to lower PAT recorded in SWMEH and higher adjustments made by the Group of RM178.52 million (YTD Q3FY21: RM145.24 million) to SWMEH’s PAT as a result of higher deduction of dividends on cumulative preferences shares held by parties other than the Group commencing 1 January 2022. At SWMEH’s company level, the revenue from both the solid waste collection and public cleansing services was higher by 3.7%. However, the PAT of SWMEH is lower at RM141.46 million as compared to RM163.22 million due to higher expenses, amongst others, payroll related costs, provision for loss allowance on receivables, repair and maintenance, finance costs and taxes. The lower of PAT is however mitigated by a reduction in depreciation expense and sub-contract cost.

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

##### Revenue

	<u>3 Months ended</u> <u>30 Sep 2022</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months ended</u> <u>30 Jun 2022</u> <u>RM’000</u> <u>unaudited</u>
Water treatment, supply and distribution	46,769	46,181
Construction	15,187	11,508
Toll highway	21,880	21,348
Renewables	6,191	5,446
Others	1,251	1,250
<b>Total revenue as per Condensed Statement of Comprehensive Income</b>	<b>91,278</b>	<b>85,733</b>

## 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)

	<u>3 Months ended</u> <u>30 Sep 2022</u> <u>RM'000</u> <u>unaudited</u>	<u>3 Months ended</u> <u>30 Jun 2022</u> <u>RM'000</u> <u>unaudited</u>
<i>Profit Before Tax</i>		
Water treatment, supply and distribution	16,576	15,955
Construction	635	678
Toll highway	12,757	9,122
Renewables	3,389	2,041
Others	(2,181)	(1,964)
<b>Operating profit</b>	<b>31,176</b>	<b>25,832</b>
Finance cost	(4,547)	(4,470)
Share of results of joint venture	656	517
Share of results of associates	(5,267)	(4,113)
<b>Profit before tax for the financial period</b>	<b>22,018</b>	<b>17,766</b>

The Group recorded an increase in revenue by RM5.55 million from RM85.73 million to RM91.28 million due to higher contribution from all business segments. On the back of higher revenue, the Group’s PBT increased to RM22.02 million from RM17.77 million. Nevertheless, the increase in the Group PBT was impacted by lower net returns of RM1.52 million (Q2FY22: RM2.31 million) from interest income, dividend and net gain on redemption from investments designated at FVTPL in the current quarter and higher share of losses from associates during the current quarter.

The water treatment, supply and distribution division recorded a marginal increase in operating revenue, which comprises metered sales of RM37.69 million (Q2FY22: RM37.09 million) and electricity and chemical rebates of RM9.08 million (Q2FY22: RM9.09 million). The metered sales and the average MLD of metered sales recorded in SSP1 operations were as follows: -

<b>SSP1</b>	<b>Q3 - 2022</b>	<b>Q2 - 2022</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	91.9	90.5	↑ 1.5%
Number of billing days	92	91	
Average MLD	999	994	↑ 0.5%

In line with marginal increase in revenue, the segment operating profit was slightly higher by RM0.62 million in the current quarter.

The construction division’s revenue was higher as compared to preceding quarter mainly due to contribution from the Rasau Projects, whilst the CRJ4 Project recorded a lower revenue compared to preceding quarter. The operating profit was almost the same on account of upward revision in the projected construction margin for CRJ4 Project in the preceding quarter.

In the current quarter, the ADT at the Grand Saga and Grand Sepadu highways was lower by 0.7% and 1.6% respectively. Despite the decline in the ADT, Grand Saga’s revenue increased by RM0.53 million on account of Hari Raya toll discounts offered to all vehicles passing through the highway in the preceding quarter. The segment’s operating profit was also higher by RM3.63 million in line with the increase in toll collection and a write-back of over-provision for heavy repairs recognised in prior years amounting to RM2.89 million in the current quarter arising from the deferment of major heavy repairs scheduled in year 2023 to 2024.

## 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)

Likewise in the Grand Sepadu Highway, road users enjoyed the toll discount offered in the previous quarter which saw a slight increase in toll collections despite of the lower ADT. Lower expenses, amongst others, finance costs, contributed to the share of results being marginally higher in the current quarter.

The ADT recorded in both Grand Saga Highway and Grand Sepadu Highway were as follows: -

ADT	Q3 - 2022	Q2 - 2022	Variance (%)
Grand Saga Highway	146,936	147,992	↓ 0.7
Grand Sepadu Highway	87,074	88,451	↓ 1.6

The Group’s share of losses from SWMEH was RM5.63 million as compared to RM4.49 million in the preceding quarter due to due to lower PAT recorded in SWMEH and higher adjustments made by the Group of RM59.87 million (Q2FY22: RM59.51 million) to SWMEH’s PAT. At SWMEH’s company level, the revenue from both solid waste collection and public cleansing services was higher by 2.1%. However, the company recorded a lower PAT at RM43.78 million as compared to RM46.68 million due to higher expenses, amongst others, provision for loss allowance on receivables, finance cost and taxes.

### Part C – Review of Statement of Cash Flow

	9 Months ended 30 Sep 2022 RM'000 unaudited	9 Months ended 30 Sep 2021 RM'000 unaudited	Variance (%)
Net cash from operating activities	56,333	103,441	↓ 46
Net cash from investing activities	213,170	258,549	↓ 18
Net cash used in financing activities	(290,409)	(161,715)	↑ 80

Net cash from operating activities was lower by RM47.11 million primarily attributable to the receipt of toll compensation of RM43.50 million by Grand Saga during the corresponding period, coupled with lower repayment from trade and other receivables in the current financial period. However, the decline in net cash from operating activities were offset by lower payments to trade and other payables as compared to the corresponding period.

Net cash from investing activities was lower by RM45.38 million primarily due to the lower net proceeds from redemption of investments designated at FVTPL as compared to corresponding quarter and payment of acquisition of non-controlling interests. However, the decrease in net cash from investing activities was mitigated by net cash inflow contributed by the acquisitions of subsidiaries referred to in Note A11.

Net cash outflow from financing activities was higher by RM128.70 million mainly due to repayment of previous shareholder’s loans and external bank borrowing owing by the FIAHs pursuant to the SPA during the financial period.

## B2 – Prospects

The profitability of the Group is largely driven by the performance of the water treatment, supply and distribution and the toll highway divisions as these segments contribute the bulk of the profits and cash flows to the Group. Demand for treated raw water is expected to remain robust for the remaining of the year whilst the toll division is seeing significant improvements in traffic volume with the upturn in economic activities. The addition of the solar renewable business is testament of the Group's continuous efforts to expand and diversify its business portfolio to reduce reliance on the existing core businesses. The renewables business is expected to contribute to sustainable earnings and cash flow streams to the Group.

The cash flow position of the Group remains relatively strong from cash generated from the water treatment, supply and distribution business as well from the toll highway operations. Together with the available cash reserves in the Company, this has enabled the shareholders of the Company to enjoy dividend payments over the past few quarters. Payments received by the water treatment, supply and distribution segment are prompt and this ensures its ability to stream dividends to the Company whilst meeting its payment obligations.

In the toll highway division, revenue from toll collections has improved, in line with higher ADT as the country entered the endemicity stage beginning April of this year. With all business sectors now being permitted to operate, economic activities have also started to increase. Whilst the Grand Saga Highway recorded ADT exceeding the pre-MCO level, the ADT recorded by Grand Sepadu was still slightly below the pre-MCO level with the exception of the steady increases in ADT seen at the Kapar and MOC B toll plazas. With the lapse of tax waiver period enjoyed by Grand Saga on 31 December 2021, the statutory income of the company is taxable commencing this financial year and this has contributed to higher tax charges.

In the waste management division, SWMEH registered higher revenue from both solid waste collection and public cleansing services mainly from increasing areas to be serviced. Nevertheless, the segment profitability is impacted by increases in operating expenditure due to the effects of the minimum wage increases from 1 May 2022 and higher deduction of dividends on cumulative preferences shares held by parties other than the Group whilst enjoying lower depreciation charges from assets reaching their lifespan. SWMEH is still in discussion for a second cycle tariff review with the Federal Government under the terms of its concession agreement. Whilst the negotiations have been protracted since 2017, the Group is hopeful that an amicable resolution can be achieved in the foreseeable term.

In the construction segment, the Group has begun to recognise revenue and profit contribution from the Rasau Projects since the beginning of this year. Nevertheless, the actual progress of 2-3% against the scheduled progress is relatively slow due to delays in approval by the authorities which hampered the commencement of physical works as scheduled. Presently the on-going works are preliminary in nature. As such, the bulk of the revenue and profit recognition will only materialise in 2023 and 2024. As the Rasau Projects are significant in size, we have been regularly reviewing costs and looking for opportunities to enhance the profit margins e.g. through procurement of products and services through competitive tendering, monitoring of market prices of major raw materials and lock in the costs of the major materials and equipment that are susceptible to price and currency fluctuations to minimise the risks. Whilst the construction division is ensuring the Rasau Projects are progressing on schedule, the division is nevertheless still looking out for direct negotiated projects to build up its order book.

With the completion of the acquisition of the four solar projects in the second quarter of this year, the Group consolidated the financial results from the renewables division from the date of acquisition. In terms of revenue and profit contribution to the Group, it was relatively higher in the current quarter due to the consolidation of full quarter results compared to the preceding quarter. Efforts are on-going to integrate the solar operations into the Group which include enhancing existing cost efficiencies and streamlining the operations. At one of the solar project site, TR Saterm is currently undergoing solar panel replacement to increase the panel efficiency and it is anticipated that the financial performance of this division will improve after the completion of the replacement which is expected in the last quarter of the year.

The Group will continue with its strategy to focus on mature operational cash-generating utilities/infrastructure businesses with a view of generating new income stream and provide a recurring and stable source of cash flow to the Group to support the Company's Dividend Policy.

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

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

**B4 – Profit before tax**

	<u>3 Months ended 30 Sep</u>		<u>9 Months ended 30 Sep</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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><u>Other operating income:</u></i>				
Interest income on fixed deposits with licensed banks	399	507	1,550	1,239
Dividend from investments designated at FVTPL	684	1,551	1,490	5,261
Rental income	70	141	295	607
Gain on redemption of investments designated at FVTPL	440	(6)	1,870	21
Gain on foreign exchange (unrealised)	184	-	428	3
Interest income imputed on retention sum	-	7	-	30
Fair value changes	(75)	-	81	-
Reversal of loss allowance on trade receivables and amount due from contract customers	41	-	43	-
Gain on disposal of property, plant and equipment and sundry income	336	3,044	1,830	3,619
<i><u>Cost of operations, administrative and other expenses:</u></i>				
Depreciation and amortisation	(11,397)	(7,602)	(30,761)	(21,089)
Imputed interest on borrowing	(93)	-	(275)	(272)
Loss on redemption of investments designated at FVTPL	-	(41)	(101)	(90)
Loss on fair value changes	(130)	40	(178)	(6)
Loss allowance on trade and other receivables and amount due from contract customers	(12)	-	(37)	(53)
Loss on foreign exchange (unrealised)	(1)	-	(6)	-
Loss on foreign exchange (realised)	-	-	(11)	-
Reversal of interest income imputed on retention sum	5	-	(25)	-
Reversal of gain on modification on trade and other payables	-	-	-	(1,349)

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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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>
Income tax:				
-Current year tax	8,040	3,465	22,902	9,730
-Deferred tax expense	(1,417)	421	(5,334)	31
Total income tax expense	<u>6,623</u>	<u>3,886*</u>	<u>17,568</u>	<u>9,761*</u>
Effective tax rate	30.1%	5.8%	30.9%	9.7%

\* The lower tax expense and effective tax rate were attributable to tax waiver enjoyed by Grand Saga. The tax waiver has since expired on 31 December 2021.

## B6 – Status of Corporate Proposals Announced but not Completed

As of 14 November 2022 (being a date not earlier than 7 days from the date of these interim financial statements), there were no corporate proposals announced but not completed as at end of the reporting period.

## 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 2022 (unaudited)</u>			
Secured			
- IMTN	<u>298,815</u>	<u>30,000</u>	<u>328,815</u>
<u>30 Sep 2021 (unaudited)</u>			
Secured			
- IMTN	<u>328,431</u>	<u>30,000</u>	<u>358,431</u>

The RM420 million in nominal value IMTN Programme issued by Cerah Sama is repayable over 11 annual instalments commencing 2020. During the financial period, the third tranche of the IMTN amounting to RM30 million in nominal value was redeemed in full at maturity in January 2022. As at the end of the financial period, the remaining balance of the IMTN tranches is RM330 million, which are repayable between 2023 and 2030.

## B8 – Changes in Material Litigations

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

## B9 – Dividends

The Board is pleased to declare a third interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33,261,000, in respect of the financial year ending 31 December 2022, to be payable on 23 December 2022.

For the financial year ending 31 December 2022, the Board has declared a total single-tier dividend of 4.95 sen to shareholders amounting to RM99,783,000 (2021: 4.95 sen per share amounting to RM99,783,000).

## B10 – Earnings Per Share (“EPS”)

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

There are no dilutive potential 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</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)	12,507	41,358	34,139	66,312
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)	<b><u>0.62</u></b>	<b><u>2.05</u></b>	<b><u>1.69</u></b>	<b><u>3.29</u></b>

## B11 – Auditors’ Reports

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

## B12 – Assets Held-for-Sale

The Group has accepted offers from third party buyers to acquire its investment properties and accordingly reclassified them as assets held-for-sale. Subsequently, the Group entered into conditional sale and purchase agreements with the buyers and these agreements are progressing towards completion. The summary and status of the sales are listed below:

<b>Nature of investment properties</b>	<b>Status as of date of this report</b>
a) a parcel of land and building located in Kuah, Langkawi with a carrying amount of approximately RM694,000 as at the end of the financial period	Transaction is pending completion
b) a parcel of service condominium located in Pekan Serdang, Daerah Petaling, Negeri Selangor with a carrying amount of approximately RM110,000 as at the end of the financial period	Transaction has been completed subsequent to the end of the financial period. On completion, the Group recognised a gain on disposal in profit and loss amounting to RM0.13 million.

The disposal considerations exceeded the carrying amounts of the assets held-for-sale, and therefore, there is no impairment to the carrying amount as at the end of the reporting period pursuant to MFRS 5: Non-current Assets Held for Sale and Discontinued Operations.

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

As at the end of the financial period, included in the investment designated at FVTPL, deposits, bank and cash balances totalling RM221.3 million is RM47.5 million held as securities for banking facilities secured by the Group.

**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 Yit Chan (MAICSA 7009143)  
Chan Sau Leng (MAICSA 7012211)  
Company Secretaries  
21 November 2022