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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2019 (UNAUDITED)

CONTENTS

This Report is authorised by the Board for public release on 27 November 2019

CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	30 Sep 2019 RM'000	31 Dec 2018 RM'000 Audited
ASSETS			
Property, plant and equipment		12,417	12,030
Investment properties		228	233
Intangible assets		1,079,384	1,100,762
Investment in joint venture		68,831	71,434
Investment in associates		172,892	182,431
Other investment		240	240
Goodwill on consolidation		129,385	129,385
Lease assets	A1(a)	14,161	-
Deferred tax assets		3,710	17,172
Long-term trade receivables	A1(b)	625,346	599,631
Deposits, cash and bank balances	B12	57,913	26,828
Total Non-Current Assets		**2,164,507**	**2,140,146**
Inventories		1,372	1,258
Amount due from contract customers		6,808	9,104
Trade receivables	A1(b)	140,740	127,902
Other receivables, deposits and prepayments		12,090	12,432
Tax recoverable		9,611	1,277
Investments designated at fair value through profit or loss ("FVTPL")	B12	32,139	61,905
Deposits, cash and bank balances	B12	125,322	89,835
Total Current Assets		**328,082**	**303,713**
TOTAL ASSETS		**2,492,589**	**2,443,859**
EQUITY AND LIABILITIES			
Share capital		438,354	438,354
Reserves		637,548	618,495
Total Equity Attributable to Owners of the Company		**1,075,902**	**1,056,849**
Non-controlling interests		261,696	265,443
Total Equity		**1,337,598**	**1,322,292**
LIABILITIES			
Long-term borrowings	B7	437,473	437,064
Lease liabilities	A1(a)	17,215	-
Long-term trade payables		37,711	1,534
Provision for heavy repairs		20,265	17,170
Deferred income		124,217	124,217
Deferred tax liabilities		234,574	235,260
Total Non-Current Liabilities		**871,455**	**815,245**
Trade payables		166,126	199,737
Other payables and accruals		44,013	53,926
Dividend payable	A6(b)	24,190	24,190
Short-term borrowings	B7	44,322	10,058
Lease liabilities	A1(a)	505	-
Deferred income		4,354	17,273
Tax liabilities		26	1,138
Total Current Liabilities		**283,536**	**306,322**
TOTAL LIABILITIES		**1,154,991**	**1,121,567**
TOTAL EQUITY AND LIABILITIES		**2,492,589**	**2,443,859**
Net assets attributable to owners of the Company (sen per share)		53.37	52.43

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months Ended 30 Sep 2019 RM'000	3 Months Ended 30 Sep 2018 RM'000	9 Months Ended 30 Sep 2019 RM'000	9 Months Ended 30 Sep 2018 RM'000
Revenue	B1	**93,623**	98,361	**271,574**	**277,130**
Cost of operations		(53,276)	(58,344)	(161,283)	(166,230)
Gross profit		**40,347**	40,017	**110,291**	**110,900**
Other operating income		121,248	1,919	125,581	5,857
Administrative and other expenses		(70,216)	(10,588)	(92,110)	(34,312)
Operating profit		**91,379**	31,348	**143,762**	**82,445**
Finance costs		(6,263)	(5,372)	(17,988)	(15,737)
Share of results of joint venture		482	1,443	1,896	1,534
Share of results of associates		(2,098)	185	(8,689)	(2,342)
Profit before tax	B4	**83,500**	**27,604**	**118,981**	**65,900**
Income tax expense	B5	(8,330)	(4,996)	(16,457)	(13,664)
Profit for the financial period/ Total comprehensive income		**75,170**	**22,608**	**102,524**	**52,236**
Profit for the financial period/ Total comprehensive income attributable to:					
Owners of the Company		72,635	19,678	94,997	44,701
Non-controlling interests		2,535	2,930	7,527	7,535
		75,170	**22,608**	**102,524**	**52,236**
Basic and diluted earnings per share attributable to owners of the Company (sen per share)	B9	3.60	0.98	4.71	2.22

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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	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 2019, as previously stated		**438,354**	**(71,500)**	**689,995**	**1,056,849**	**265,443**	**1,322,292**
Effects of adoption of MFRS 16	A1(a)	-	-	(3,374)	(3,374)	-	(3,374)
As of 1 January 2019, as restated		**438,354**	**(71,500)**	**686,621**	**1,053,475**	**265,443**	**1,318,918**
Profit for the financial period		-	-	94,997	94,997	7,527	102,524
Total comprehensive income for the financial period		-	-	94,997	94,997	7,527	102,524
Transactions with owners of the Company:							
Dividend paid	A6(a)	-	-	(48,380)	(48,380)	-	(48,380)
Dividend payable	A6(b)	-	-	(24,190)	(24,190)	-	(24,190)
Dividends paid by a subsidiary to non-controlling interest		-	-	-	-	(11,270)	(11,270)
Capital distribution from liquidation of a subsidiary		-	-	-	-	(4)	(4)
Total transactions with owners of the Company		-	-	(72,570)	(72,570)	(11,274)	(83,844)
As of 30 September 2019		**438,354**	**(71,500)**	**709,048**	**1,075,902**	**261,696**	**1,337,598**

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital RM'000	Available-for-sale reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
As of 1 January 2018, as previously stated	**438,561**	**173**	**(71,500)**	**686,300**	**1,053,534**	**274,336**	**1,327,870**
Effects of adoption of MFRS 9	-	(173)	-	173	-	-	-
As of 1 January 2018, as restated	**438,561**	**-**	**(71,500)**	**686,473**	**1,053,534**	**274,336**	**1,327,870**
Profit for the financial period	-	-	-	44,701	44,701	7,535	52,236
Total comprehensive income for the financial period	-	-	-	44,701	44,701	7,535	52,236
Transactions with owners of the Company:							
Dividend paid	-	-	-	(48,379)	(48,379)	-	(48,379)
Dividend payable	-	-	-	(24,190)	(24,190)	-	(24,190)
Dividend paid by a subsidiary to non-controlling interest	-	-	-	-	-	(12,005)	(12,005)
Capital distribution from liquidation of a subsidiary	-	-	-		-	(188)	(188)
Total transactions with owners of the Company	-	-	-	(72,569)	(72,569)	(12,193)	(84,762)
As of 30 September 2018	**438,561**	**-**	**(71,500)**	**658,605**	**1,025,666**	**269,678**	**1,295,344**

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

	9 Months Ended 30 Sep 2019 RM'000	9 Months Ended 30 Sep 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	118,981	65,900
Adjustments for:		
Non-cash items	(30,070)	25,337
Interest income	(2,667)	(2,449)
Finance costs	17,989	15,736
Operating Profit Before Working Capital Changes	104,233	104,524
Net decrease/(increase) in inventories, amount due from contract customers, trade and other receivables	7,999	(88,122)
Net increase in amount due to contract customers, trade and other payables and deferred income	2,219	41,266
Cash Generated From Operations	114,451	57,668
Income tax paid	(9,750)	(13,718)
Income tax refunded	956	635
Repayment of operating lease interest	(765)	-
Net Cash From Operating Activities	**104,892**	**44,585**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,287	2,737
Property, plant and equipment:		
- Proceeds from disposal	12	166
- Purchase	(3,004)	(1,090)
Consideration received from disposal of an associate	-	358
Capital distribution from liquidation of a subsidiary	-	282
Dividend income from associates	-	694
Dividend income from a joint venture	4,500	-
Investments designated at FVTPL:		
- purchase	(23,300)	(5,500)
- proceeds from redemption	54,375	22,500
(Placement)/Withdrawal of deposits pledged as security	(30,602)	3,827
Net Cash From Investing Activities	**4,268**	**23,974**
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdowns of borrowings	30,000	-
Interest paid	(22,577)	(21,032)
Repayment of finance lease payables	(58)	(121)
Repayment of operating lease payables	(1,514)	-
Dividends paid *(Note A6(a))*	(72,570)	(72,569)
Dividend paid by a subsidiary to non-controlling interest	(11,270)	(12,005)
Capital distribution paid by a subsidiary to non-controlling interest	(4)	(188)
Net Cash Used In Financing Activities	**(77,993)**	**(105,915)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**31,167**	**(37,356)**
Effects of foreign exchange rate changes	(2)	4
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	**89,835**	**111,490**
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	**121,000**	**74,138**

CONDENSED STATEMENTS OF CASH FLOWS

	9 Months Ended 30 Sep 2019 RM'000	9 Months Ended 30 Sep 2018 RM'000
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	104,722	87,000
Cash and bank balances	78,513	17,006
Total deposits, cash and bank balances	183,235	104,006
Less: Deposits pledged as security	(57,913)	(29,677)
Less: Overdrafts	(4,322)	(191)
	121,000	**74,138**

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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

(a) 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 Securities Sdn Bhd **("Bursa Securities")** and the guidance and recommendations set out in Issues Communication - Guidance on Disclosures in Notes to Quarterly Report ("ICN 1/2017") 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 2018. The significant events and transactions 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 in these interim financial statements are consistent with those adopted in the latest audited financial statements, except for the following: -

Adoption of new and revised Malaysian Financial Reporting Standards (MFRSs)

In the current financial year, the Group adopted all the new and revised MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial periods beginning on or after 1 January 2019.

MFRSs, Amendments to MFRSs and IC Interpretation

MFRS 16	Leases
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendments, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Payments
Annual Improvements to MFRSs 2015-2017 Cycle	

The application of these amendments to MFRSs and 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 except as disclosed below:-

MFRS 16 Leases

General impact of application of MFRS 16 Leases

MFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. MFRS 16 supersedes the current lease guidance including MFRS 117 Leases and the related Interpretations when it became effective for accounting periods beginning on or after 1 January 2019. The date of initial application of MFRS 16 for the Group was on 1 January 2019.

The Group has chosen the cumulative catch-up approach of MFRS 16 in accordance with MFRS 16:C5(b). Consequently, the Group has recognised the cumulative effect of retrospective application at the date of initial application.

In contrast to lessee accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117.

A1 – Basis of Preparation (Continued)

Impact of the new definition of a lease

The Group made use of the practical expedient available on transition to MFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with MFRS 117 and IC Interpretation 4 will continue to apply to those leases entered or modified before 1 January 2019. The change in definition of a lease mainly relates to the concept of control. MFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Group has applied the definition of a lease and related guidance set out in MFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

(a) Leases in which the Group is a lessee

Operating leases

On initial application of MFRS 16, for all leases, the Group has:

(a) Recognised right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

(b) Recognised depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;

(c) Separated the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under MFRS 117 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under MFRS 16, right-of-use assets will be tested for impairment in accordance with MFRS 136 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group recognises a lease expense on a straight-line basis as permitted by MFRS 16.

A1 – Basis of Preparation (Continued)

The impact arising from the adoption of MFRS 16 to the statement of financial position of the Group on the date of initial application as at 1 January 2019 is as follows:-

	Impact on the Group's statement of financial position as at 1 January 2019 RM'000
Non-current assets	
- Lease assets	15,860
Non-current liabilities	
- Lease liabilities	(17,215)
Current liabilities	
- Lease liabilities	(2,019)
Retained Earnings	(3,374)

Finance leases

The main differences between MFRS 16 and MFRS 117 with respect to assets formerly held under a finance lease is the measurement of the residual value guarantees provided by the lessee to the lessor. MFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by MFRS 117. On initial application, the Group will present equipment previously included in property, plant and equipment within the line item for right-of-use assets and the lease liability, previously presented within borrowing, will be presented in a separate line for lease liabilities.

Based on an analysis of the Group's finance leases as at 1 January 2019 on the basis of the facts and circumstances that exist at that date, the directors have assessed that the impact of this change will not have an impact on the amounts recognised in the Group's consolidated financial statements.

(b) Leases in which the Group is a lessor

No significant impact is expected for leases in which the Group is a lessor.

Standards in issue but not yet effective

As at the date of authorisation of these interim financial statements, the new and revised 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 3	Definition of Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to References to the Conceptual Framework in MFRS Standards	

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)

(b) Critical Accounting Judgment and Key Sources of Estimation Uncertainty

The preparation of these interim financial statements requires the Board to make critical judgments, estimates and assumptions that may affect the application of accounting policies and the amounts recognised in these interim financial statements.

In the interim financial statements for the corresponding period, critical judgments, estimates and assumptions were made to the classification and carrying amount of a trade receivable in Sungai Harmoni Sdn Bhd ("**SHSB**"), a wholly owned subsidiary of the Company. However, for the current reporting period, there is no estimation uncertainty applicable for SHSB upon the execution of the termination and settlement agreement with Pengurusan Air Selangor Sdn Bhd **("Air Selangor")** and Syarikat Pengeluar Air Sungai Selangor Sdn Bhd **("SPLASH")** as further elaborated in Note (ii) below.

The following is a chronology of events leading up to the execution and subsequent completion of the said termination and settlement agreement:

(i) On 21 August 2018, SHSB received a letter of offer from Air Selangor *(which was duly accepted on 27 August 2018)* setting out the (i) key terms of settlement between Air Selangor, SPLASH and SHSB relating to SHSB's outstanding receivables arising from the operations and maintenance of the Sungai Selangor Water Treatment Plant Phase 1 **("SSP1")** under its existing Operations and Maintenance Agreement dated 24 January 2000 for operations and maintenance of SSP1 **(" SPLASH OMA")** with SPLASH; and the (ii) key terms in respect of the new bulk water supply agreement with Air Selangor in relation to the appointment of SHSB for the operations and maintenance of SSP1 and the supply of treated water ("**BWSA**").

(ii) On 24 May 2019, the Company announced that SHSB entered into the following agreements:-

(a) a termination and settlement agreement with Air Selangor and SPLASH in relation to the settlement of outstanding receivables due from SPLASH arising from the SPLASH OMA ("**TSA**");

(b) the BWSA; and

(c) a raw water abstraction agreement with Air Selangor in relation to the abstraction of raw water from the relevant raw water source for SSP1.

On 12 September 2019, these agreements became unconditional and deemed completed. Details of the announcement by the Company can be downloaded from http://www.bursamalaysia.com/market/listed-companies/company-announcements/6282621

As of 12 September 2019, the accumulated outstanding amount payable under the SPLASH OMA amounted to RM795.53 million. Based on the terms of the settlement, SPLASH will pay 90% of all outstanding amount payable to SHSB which is determined at RM715.98 million ("**Settlement Sum**"). At the end of the reporting period, SHSB has received an upfront payment amounting to 10% of the Settlement Sum and the balance with an interest of 5.25% per annum, will be payable in 9 annual instalments.

Arising from the modification of the SPLASH's original credit term, the Group recognised a gain on modification on the amount due from SPLASH amounting to RM40.883 million in the current quarter pursuant to MFRS 9 Financial Instruments ("**Gain On Modification**") (at a discounting rate of 3.8% on the principal sum and interest). The gain recognised in the current financial year will subsequently be expensed off to profit or loss over the duration of the instalments.

A1 – Basis of Preparation (continued)

(b) Critical Accounting Judgment and Key Sources of Estimation Uncertainty (continued)

The following table summarises the impact of the completion of TSA in the statement of profit or loss:-

	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Reversal/(Recognition) of loss allowance in:				
- revenue	-	-	-	(8,967)
- other operating income	66,377	-	66,969	-
- administrative and other expenses	-	-	-	(1,020)
	66,377	-	66,969	(9,987)
- Receivables written off	(66,969)	-	(66,969)	-
- Gain on de-recognition of trade receivable	40,883	-	40,883	-
	(26,086)	-	(26,086)	9,987
Net impact to profit or loss for the period	**40,291**	-	**40,883**	**(9,987)**

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

Other than disclosed elsewhere in these interim financial statements, there are no 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 – 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.

A5 – 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.

A6 – Dividends Paid

(a) The total dividends paid to shareholders during the financial period amounted to RM72,569,436 (2018: RM72,569,340) as follows:

(i) On 26 November 2018, the Board declared a third interim single-tier dividend of 1.2 sen per share on 2,015,817,574 ordinary shares in respect of the financial year ended 31 December 2018. The dividends amounting to RM24,189,812 were paid on 31 January 2019; and

A6 – Dividends Paid (continued)

(ii) On 28 February 2019, the Board declared a fourth interim single-tier dividend of 1.2 sen per share on 2,015,817,574 ordinary shares in respect of the financial year ended 31 December 2018. The dividends amounting to RM24,189,812 were paid on 27 May 2019.

(iii) On 28 May 2019, the Board declared a first interim single-tier dividend of 1.2 sen per share on 2,015,817,574 ordinary shares in respect of the financial year ending 31 December 2019. The dividends amounting to RM24,189,812 were paid on 27 August 2019.

(b) On 27 August 2019, the Board declared a second interim single-tier dividend of 1.2 sen per share on 2,015,817,574 ordinary shares in respect of the financial year ending 31 December 2019. The dividends amounting to RM24,189,812 were subsequently paid on 26 November 2019 and these have been included as dividends payable in these interim financial statements.

A7 – 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.

A8 – Changes in Composition of the Group

There were no changes to the composition of the Group during the financial period, including business combination, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinued operations, except for the striking off of TE Overseas Ventures Pte. Ltd., an indirect wholly-owned subsidiary of the Company, from the register of Accounting and Corporate Regulatory Authority pursuant to Section 344A of the Singapore Companies Act (Chapter 50) on 4 June 2019.

A9 – Other Significant Events and Transactions

Other than disclosed elsewhere in these interim financial statements, there are no other transactions and events that are significant to an understanding of the changes in the financial position and performance of the Group since the end of the last annual reporting period.

A10 - 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.

	Water treatment, supply and distribution		Waste management		Construction		Toll highway		Others		Total		Reconciliation		Amount as per Statement of comprehensive income	
3 months ended 30 Sep	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income Statement																
Revenue	63,871	61,934	80,560	77,350	3,965	16,800	16,274	17,472	1,316	1,316	165,986	174,872	(72,363)	(76,511)	93,623	98,361
Operating profit	37,855	22,834	27,341	26,368	(321)	274	9,977	8,898	(2,400)	(3,072)	72,452	55,302	18,928	(23,954)	91,380	31,348
Profit/(Loss) before tax	37,855	22,834	20,859	19,008	(246)	273	3,752	5,255	(3,356)	(3,080)	58,864	44,290	24,637	(16,686)	83,501	27,604
Profit/(Loss) after tax	29,247	17,330	15,644	14,072	(162)	302	3,499	4,871	(3,356)	(3,318)	44,872	33,257	30,298	(10,649)	75,170	22,608
Other Financial Information																
Depreciation and amortisation	(183)	(223)	(6,336)	(9,679)	(59)	(133)	(5,821)	(5,678)	(715)	(456)	(13,114)	(16,169)	4,540	7,813	(8,574)	(8,356)
EBITDA	38,038	23,057	22,594	24,964	(262)	407	15,798	14,576	(1,685)	(2,616)	74,483	60,388	25,471	(20,684)	99,954	39,704
EBDA	29,430	17,553	10,898	12,669	(103)	435	9,320	10,549	(2,641)	(2,862)	46,904	38,344	36,841	(7,380)	83,745	30,964
CAPEX	185	85	1,064	3,997	(25)	16	31	167	2,532	21	3,787	4,286				

A10 - Operating Segment (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 four main business divisions namely water treatment, supply and distribution, waste management, construction and toll highway. Others refer to investment holding and other non-core businesses.*

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 Statements of Profit or Loss and Other Comprehensive Income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.*

3. *The segmental information on the water treatment, supply and distribution division excludes the effects of adoption of MFRS 15 of RM2.593 million (Q3FY18: RM Nil) as further elaborated in Note 1 on page 15 and the Gain on Modification to better assess the operational performance of the division.*

4. *The income statement in the waste management division are solely from the concession business, excludes the fair value measurement adjustments made at the Group level. This is to better assess the operational performance of the division. The calculation of EBITDA and EBDA are arrived at after the proportionate deduction of the dividend on the cumulative preferences shares held by parties other than the Group.*

	Water treatment, supply and distribution		Waste management		Construction		Toll highway		Others		Total	
As at 30 Sep	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	862,665	638,836	162,423	217,745	28,941	47,324	1,408,564	1,441,462	29,996	22,524	2,492,589	2,367,891
Segment liabilities	(212,568)	(186,033)	-	-	(16,587)	(31,050)	(806,697)	(820,207)	(119,139)	(35,257)	(1,154,991)	(1,072,547)
Net segment assets	**650,097**	**452,803**	**162,423**	**217,745**	**12,354**	**16,274**	**601,867**	**621,255**	**(89,143)**	**(12,733)**	**1,337,598**	**1,295,344**

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

Trade receivables, primarily from the amount due from SPLASH, continue to increase since the latest audited financial statements. However, with the execution of the BWSA and the completion of the TSA in the current quarter, the Group expects that its cash flow position will be further strengthen. In tandem with the increase in trade receivables, the trade payables of the Group remained relatively sizeable at RM203.8 million. However, in light of the issue of the high trade receivables being addressed, the amount due to the trade payables will reduce over time. An agreement has been reached with certain trade creditors of SHSB wherein they have agreed to grant a 10% waiver on the amounts due to them as of 12 September 2019 (the same date as the completion date of the TSA) and in return, SHSB has undertaken to repay them over three annual instalments commencing the first quarter of the next financial year; resulting in the reclassification of a portion of the amounts due as long term payables. Compared to the beginning of the financial year, other payables and accruals have decreased primarily from the reduction in the amount of advances received from a project customer.

On the initial application of MFRS 16 as at 1 January 2019, the Group recognised right-of-use assets and lease liabilities in the statement of financial position as disclosed in Note A1(a). Subsequently, these amount will be expensed off to profit or loss over the lease term by way of depreciation of right-of-use assets and interest expense on lease liabilities.

Investments designated at FVTPL, deposits, bank and cash balances totalled RM215.4 million, an increase from RM178.6 million principally due to the receipt of the upfront payment from SPLASH as disclosed in Note A1(b) and drawdown of short term bank borrowings but offset primarily by the payment of dividends and interest under an Islamic Medium Term Notes **("IMTN")** facility of a subsidiary.

Part B – Review of Income Statement

	3 Months Ended 30 Sep 2019 RM'000	3 Months Ended 30 Sep 2018 RM'000	9 Months Ended 30 Sep 2019 RM'000	9 Months Ended 30 Sep 2018 RM'000
Revenue				
Water treatment, supply and distribution	63,871	61,935	191,797	183,200
Construction	3,326	12,966	15,804	34,155
Toll highway	22,517	22,144	66,943	64,794
Others	1,316	1,316	3,948	3,948
	91,030	98,361	278,492	286,097
Less:				
- Loss allowances on trade receivables (Note A1(b))	-	-	-	(8,967)
- Adjustment to revenue *(Note 1)*	2,593	-	(6,918)	-
Revenue as per Condensed Statement of Comprehensive Income	**93,623**	**98,361**	**271,574**	**277,130**

Note 1

This amount represents a deduction by 10% on the revenue in the water treatment, supply and distribution segment pertaining to the current period's invoices to SPLASH which is deemed uncollectable pursuant to the TSA and therefore excluded from revenue in accordance with MFRS 15 ***("MFRS 15 Deduction")****. The amount credited to the revenue was the reversal of over recognition of the uncollectable invoices* ***("MFRS 15 Reversal").*** *According to the Group's Accounting Policy on Revenue referred to in Note 3 of the Audited Financial Statements, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. For the purposes of providing a more detailed analysis on the performance of the revenue of the respective business segments of the Group, this amount is shown as a separate line item instead of being excluded from revenue as required under MFRS 15.*

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

Part B – Review of Income Statement (continued)

Profit Before Tax

	3 Months Ended 30 Sep 2019 RM'000	3 Months Ended 30 Sep 2018 RM'000	9 Months Ended 30 Sep 2019 RM'000	9 Months Ended 30 Sep 2018 RM'000
Water treatment, supply and distribution	83,150	22,835	119,418	60,733
Construction	(401)	226	(640)	(89)
Toll highway	11,017	11,360	32,682	32,256
Others	(2,387)	(3,073)	(7,698)	(10,455)
Operating profit	**91,379**	**31,348**	**143,762**	**82,445**
Finance cost	(6,263)	(5,372)	(17,988)	(15,737)
Share of results of joint venture	482	1,443	1,896	1,534
Share of results of associates	(2,098)	185	(8,689)	(2,342)
Profit before tax for the period	**83,500**	**27,604**	**118,981**	**65,900**

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

Overall Summary

The Group recorded a decrease in revenue by RM4.8 million from RM98.4 million to RM93.6 million mainly from lower contribution from the construction business.

On the Group's profit before taxation **("PBT")**, the Group registered a higher PBT of RM83.5 million compared to RM27.6 million in the corresponding quarter mainly attributable to the following:-

(a) the Gain On Modification;

(b) a waiver granted by certain trade payables on amounts due to them amounting to RM8.74 million;

(c) a waiver of late penalty charges amounting to RM7.08 million previously imposed by Tenaga Nasional Berhad **("TNB")** as part of the consent judgement with SHSB referred to in Note B8;

However, the increase in PBT was mitigated by:

(i) higher losses recorded from construction segment;

(ii) higher share of losses from an associate, SWM Environment Holdings Sdn Bhd ("**SWMH**");

(iii) higher financing costs due to increases in short term borrowings; and

(iv) lower share of results in a joint-venture company, Grand Sepadu (NK) Sdn Bhd ("**Grand Sepadu**"), the operator of the New North Klang Straits Bypass Expressway ("**NNKSB**") which had received compensation from the Government of Malaysia for the non-increase in scheduled toll rate hike on 1 January 2016 ("**Toll Compensation**") in the corresponding 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)

Water treatment, supply and distribution

Despite the drop in metered sales in the Langkawi operation, operating revenue from the water treatment, supply and distribution segment for the current quarter (without taking account the MFRS 15 Deduction) was higher at RM63.9 million compared to corresponding quarter of RM62.0 million due to the increase in the Bulk Sales Rate from RM0.44/m3 to RM0.46/m3 in SSP1 under the SPLASH OMA effective 1 January 2019 ("**BSR Increase**") and increases in electricity rebates from the higher electricity costs in SSP1 and in the Langkawi operations.

Metered Sales – (million m3)	Q3 -2019	Q3 - 2018	Increase/ (Decrease)
SSP1	92.2	90.5	1.9%
Langkawi	4.77	4.94	(3.4%)

The operating profit was higher at RM83.2 million compared to RM22.8 million achieved a year ago primarily from the Gain On Modification, waiver granted by certain trade payables and waiver of late penalty charges on outstanding TNB bills of SSP1.

Construction

The construction revenue was lower by RM9.7 million to RM3.3 million compared to RM13.0 million achieved a year ago mainly due to lower contribution from the on-going Langat 2 - Package 7 Balancing Reservoir Project **("L2P7 Project")** which commenced in the fourth quarter of 2017 and from the Ganchong water treatment works, main distribution pipeline, booster pump stations and associated works **("GP3A Project").**

In line with lower revenue, the segment recorded an operating loss at RM0.4 million compared to operating profit RM0.3 million achieved in the corresponding quarter. Currently, the Group is in discussion with a client on a Variation of Pricing amounting to a maximum of RM4.2 million which can potentially be recognised in the subsequent quarters.

Toll highway - Subsidiary

The revenue contribution from Grand Saga Sdn. Bhd **("Grand Saga")**; the operator of the Cheras-Kajang highway, was higher by RM0.4 million as compared to the corresponding quarter with higher Average Daily Traffic **("ADT")** of 0.7% i.e. 147,580 vehicles per day compared to 146,611 vehicles per day recorded in the corresponding quarter. However, the segment's operating profit was lower by RM0.3 million due to higher repairs and maintenance costs, and higher provision for heavy repairs in the current quarter.

Toll highway – Share of results of joint venture

Despite the higher ADT by 2.5% to 93,418 vehicles per day from 91,115 vehicles per day, the Group's share of results in Grand Sepadu was lower compared to the corresponding quarter due to Toll Compensation received in corresponding 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 was mainly contributed by SWMH. The Group's share of losses from SWMH is RM2.5 million compared to RM0.5 million loss a year ago primarily arising from the changes in the estimates for the amortisation of concession asset as disclosed in Note 4(ii)(j) of the Audited Financial Statements - Critical Accounting Judgements and Key Sources of Estimation Uncertainty. The share of loss arose from adjustments made by the Group amounting to RM51.9 million (2018: RM41.5 million) to the SWMH's Profit after Tax **("PAT")** of RM44.7 million (2018: RM40.2 million).

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

Overall Summary

Despite the significant increase in the revenue from the water treatment, supply and distribution business as a result of the BSR Increase, the Group recorded a marginal decrease in revenue from RM277.1 million to RM271.6 million in the current financial period mainly attributable to a significant reduction in the contribution from the construction business.

The Group registered a higher PBT of RM119.0 million compared to RM65.9 million in the corresponding period mainly attributable to the Gain On Modification, waiver granted by certain trade payables and waiver of late penalty charges on outstanding TNB bills.

However, the increase in PBT was mitigated by the higher share of losses from SWMH arising from the change in the estimates for the amortisation of concession asset; and higher financing costs due to increases in short term borrowing.

Water treatment, supply and distribution

At the operating level without taking into consideration the accounting impact from the adoption of MRFS 15 and the loss allowance on trade receivables, revenue from water treatment, supply and distribution business recorded an increase from RM183.2 million to RM191.8 million due to the BSR Increase and higher electricity rebates from the higher electricity costs in SSP1 and in the Langkawi operations.

Metered Sales – (million m3)	2019	2018	Increase/ (Decrease)
SSP1	268.3	268.3	-
Langkawi	15.30	15.46	(1.03%)

The segment operating profit was higher at RM119.4 million compared to RM60.7 million a year ago attributable to the BSR Increase, Gain On Modification, the waiver granted by certain trade payables and late penalty charges on outstanding TNB bills in SSP1.

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

The revenue from construction decreased substantially to RM15.8 million from RM34.2 million due to the completion of New Access to NNKSB (Jalan Haji Sirat) Project since the third quarter of last year and lower contribution from on-going projects. In line of lower revenue, the segment's operating loss is higher by RM0.5 million in the current year.

Toll operations-Subsidiary

The revenue contribution from Cheras-Kajang highway increased to RM66.9 million from RM64.8 million due to the higher ADT growing by 2.2% from 145,176 vehicles per day to 148,351 vehicles per day. However, the company's operating profit was marginally higher by RM0.4 million due to higher provision for heavy repairs in the current period.

Toll operations -Share of results of joint venture

The Group's share of results in Grand Sepadu was higher compared to the corresponding period on account of higher ADT and lower provision for heavy repairs in the current period. In terms of overall ADT, there was an increase of 3.0% i.e. 93,258 vehicles per day from 90,579 vehicles per day recorded in the previous year.

Waste management –Share of results of associate

The Group's share of results from SWMH was a loss of RM10.0 million compared to RM3.8 million loss in the corresponding period due to the impact from the changes in the estimates for the amortisation of concession asset as mentioned earlier. The share of loss arose from adjustments made by the Group amounting to RM154.7 million (2018: RM125.9 million) to the SWMH's PAT of RM126.3 million (2018: RM115.0 million).

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

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

Revenue

	3 Months Ended 30 Sep 2019 RM'000	3 Months Ended 30 Jun 2019 RM'000
Water treatment, supply and distribution	63,871	64,927
Construction	3,326	5,318
Toll highway	22,517	22,360
Others	1,316	1,316
	91,030	93,921
Less:		
- Adjustment to revenue *(Refer to Note 1 on Page 15)*	2,593	(4,844)
Total revenue as per Condensed Statement of Comprehensive Income	**93,623**	**89,077**

Profit Before Tax

	3 Months Ended 30 Sep 2019 RM'000	3 Months Ended 30 Jun 2019 RM'000
Water treatment, supply and distribution	83,150	18,056
Construction	(401)	(267)
Toll highway	11,017	10,969
Others	(2,387)	(2,841)
Operating profit	**91,379**	**25,917**
Finance cost	(6,263)	(5,949)
Share of results of joint venture	482	1,344
Share of results of associates	(2,098)	(4,307)
Profit before tax for the period	**83,500**	**17,005**

The Group recorded a decrease in revenue from RM93.9 million to RM91.0 million mainly due to lower revenue contribution from construction business and the water treatment, supply and distribution segment. Despite the higher metered sales recorded in SSP1, revenue from the water treatment, supply and distribution segment was lower on account of the decrease in the bulk supply water rate from RM0.46/m3 to RM0.41/m3 commencing 1 September 2019 pursuant to the BWSA.

Metered Sales – (million m3)	Q3 -2019	Q2 - 2019	Increase/ (Decrease)
SSP1	92.2	89.4	3.1%
Langkawi	4.77	5.26	(0.93%)

The Group's PBT increased to RM74.9 million compared to RM17.0 million in the previous quarter mainly due to Gain On Modification, waiver granted by certain trade payables, waiver of late penalty charges on outstanding TNB bills in SSP1 and over-provision of loss allowances and MFRS 15 Deductions determined upon completion of the TSA. In addition, the Group's share of losses from SWMH is lower in the current quarter. However, the higher PBT was mitigated by the lower share results of joint venture arising from the toll compensation received in the previous quarter and the higher finance cost incurred in the current quarter.

Part C – Review of Statement of Cash Flow

The cash and cash equivalents (excluding the effects of foreign exchange rate changes) increased by RM31.2 million during the financial period.

Net Cash Generated from Operating Activities was recorded at RM104.9 million compared to RM44.6 million a year ago mainly due to the upfront payment from the SPLASH arising from completion of the TSA and partial settlement of amount owing to TNB.

Net Cash from Investing Activities totalled RM4.3 million compared to RM24.0 million a year ago due to increase in deposits pledged as security, higher net proceeds from redemption of investments designated at FVTPL compared to the corresponding period, net of dividend income from a joint venture received in the current financial period.

Net Cash Used in Financing Activities totalled RM78.0 million as compared to RM105.9 million a year ago due to the drawdown of short-term bank borrowings during the current financial period.

B2 – Current Year Prospects

The operating profit of the Group is largely driven by the performance of the water treatment, supply and distribution business and to a certain extent the toll division as these segments contribute the bulk of the profits to the Group. With the completion of the TSA, the long outstanding receivables from SPLASH has finally been resolved wherein the Group expects that its cash flow position will be further strengthen. Under the BWSA, the continuation of the operations and maintenance of SSP1 will provide a steady stream of recurring income and cash flow to the Group.

In the construction segment, the GP3A Project which commenced work in 2016 has been granted an extension of time to complete until fourth quarter of 2019. The L2P7 Project is the main construction activity currently underway and the Group is in the process of applying for an extension of time until first quarter of 2020 subject to the approval of the client. In October of last year, the Group, via its wholly-owned subsidiary, was awarded the Proposed Construction and Completion Including Handing Over To Authority Of 76ML R.C Reservoir R4 and Related Ancillary Works at Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan at a contract sum of RM42.356 million to be completed with 36 months from the date for possession of the site. Since securing this project, no new projects were secured and the revenue contribution from the construction division is expected to diminish substantially in the next year. Nevertheless, the Group is continuing with its efforts to tender for more infrastructure projects.

In the toll highway division, the growth in ADT at both the Cheras-Kajang Highway and the Grand Sepadu Highway is expected to continue to be moderate as they are matured highways. For the nine months ended 30 September 2019, the ADT at the Cheras-Kajang Highway grew by 2.2% whereas at Grand Sepadu Highway, ADT grew by about 3.0% year-on-year. In respect of the proposed toll restructuring by the Federal Government, discussions have been held with the Malaysian Highway Authority and as of to-date, there is still no outcome with regards to the toll business of the Group.

In the waste management division, SWMH is expected to grow its business with the increasing servicing areas as well as improving its operational efficiency to deal with the escalating costs in managing solid waste in the concession areas where is it currently operating. SWMH is currently in the process of negotiating a tariff rate increase on its solid waste collection and public cleansing management services with the Federal Government.

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 Forecasts or Profit Guarantees

Not applicable as no profit forecasts or guarantees were issued or published.

B4 – Profit before tax

	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue:				
Loss allowance on trade receivables (Note A1(b))	-	-	-	(8,967)
Other operating income:				
Interest income on fixed deposits with licensed banks	913	811	2,667	2,449
Dividend from investments designated at FVTPL	200	416	896	1,486
Rental income	108	117	367	423
Gain on redemption of investments Designated at FVTPL	4	7	21	20
Gain on foreign exchange (unrealised)	1	2	1	4
Interest income imputed on retention sum	-	-	-	-
Fair value gain arising on financial assets measured at FVTPL	83	93	481	253
Reversal of loss allowance on trade receivables and amount due from contract customers	66,377	-	66,996	-
Gain on de-recognition of trade receivable (Note A1(b))	40,883	-	40,883	-
Waiver granted by trade payables	12,322	-	12,322	-
Cost of operations, administrative and other expenses:				
Depreciation and amortisation	(8,574)	(8,356)	(25,565)	(24,670)
Imputed interest on borrowing	(138)	(138)	(410)	(410)
Loss on redemption of investments designated at FVTPL	(3)	(6)	(77)	(6)
Fair value loss arising on financial assets measured at FVTPL	11	-	(11)	-
Loss on disposal of an associate	-	-	-	(13)
Loss on foreign exchange (unrealised)	(1)	-	(2)	-
Realised foreign exchange losses	-	-	-	(730)
Loss allowance on trade receivables and amount due from contract customers	(14)	-	(42)	(1,020)
Reversal of interest income imputed on retention sum	(60)	99	(60)	(550)
Receivables written off	(64,557)	-	(64,557)	-
Waiver granted by trade payable *(previously expensed off)*	3,369	-	-	-

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

	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Income tax:				
-Current year tax	(4,892)	5,972	3,828	17,185
-Over provision in prior years	(146)	(577)	(146)	(577)
-Deferred tax expense	13,368	(399)	^12,775	^(2,944)
Total income tax expense	**8,330**	**4,996**	**16,457**	**13,664**

^ *included in this amount is the tax effects of the loss allowances on trade receivables reversed amounting to RM16.1 million (2018: recognised amounting to RM2.4 million).*

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 associate and losses incurred by certain subsidiaries which were not available to be set-off against taxable profits in other companies within the Group.

B6 – Status of Corporate Proposals Announced but not Completed

As at 20 November 2019 (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: -

	←------------Short Term-------------→			←-------------Long Term-------------→		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Bank overdraft	-	4,322	4,322	-	-	-
Revolving credit	-	40,000	40,000	-	20,000	20,000
IMTN	-	-	-	417,473	-	417,473
As at 30 Sep 2019	**-**	**44,322**	**44,322**	**417,473**	**20,000**	**437,473**
As at 30 Sep 2018	**38**	**191**	**229**	**416,982**	**-**	**416,982**

The increase in the Group's borrowings was mainly due to drawdown from revolving credit facilities. These facilities are unsecured and one of the revolving credit facility is repayable over three equal annual instalments of RM10.0 million over a duration of three years commencing from the date of drawdown whereas the other revolving credit facility is repayable on demand.

B8 – Changes in Material Litigations

SHSB received two writs of summons together with the corresponding statements of claim dated 1 March 2018 filed by TNB in relation to the outstanding payment of electricity bills to TNB ("**the Suit**"). Subsequently on 11 October 2019, SHSB through its legal counsels with the agreement of TNB, filed a consent judgement with the Shah Alam High Court to record the settlement terms and conditions between SHSB and TNB in respect of the Suit and other related matters in connection therewith. Pursuant to the consent judgement, the Group recognised a waiver of late penalty charges in the current quarter on outstanding bills owing to TNB.

B9 – Earnings Per Share ("EPS")

(a) Basic earnings per share

Basic earnings per share is calculated 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 reporting date.

	3 Months Ended 30 Sep		9 Months Ended 30 Sep	
	2019	2018	2019	2018
Profit for the financial period attributable to owners of the Company (RM'000)	72,635	19,678	94,997	44,701
Weighted average number of ordinary shares in issue ('000)	2,015,817	2,015,814	2,015,817	2,015,814
Basic EPS (sen)	3.60	0.98	4.71	2.22

(b) Diluted earnings per share

The diluted earnings per share is calculated 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. For the current financial period, diluted earnings per share is the same as the basic earnings per share calculated above.

In respect of the corresponding period, the diluted earnings per share was calculated 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 that financial period adjusted for potential dilutive ordinary shares from the exercise of Warrants (which subsequently expired on 11 November 2018). The exercised Warrants were excluded from the calculation of the diluted earnings per share as they were anti-dilutive.

In accordance to MFRS 133 – Earnings Per Share, if the number of ordinary or potential ordinary shares outstanding increases as a result of a bonus issue, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorised for issue, the per share calculations for those and any prior period financial statements presented shall be based on the new number of shares.

Accordingly, the comparative weighted average number of ordinary shares in issue and basic and diluted earnings per share have been restated to reflect the retrospective adjustment arising from the completion of the bonus issue on the basis of 2 bonus shares for every 3 existing ordinary shares in the Company on 19 October 2018 **("Bonus Issue")**.

B10 – Dividends

The Board is pleased to declare a third interim single-tier dividend of 1.2 sen per share on 2,015,817,574 ordinary shares amounting to approximately RM24,189,811, in respect of the financial year ending 31 December 2019, to be payable on 25 February 2020.

For the financial year ending 31 December 2019, the Board has declared a total single-tier dividend of 3.6 sen to shareholders amounting to RM72,569,433 (2018: 3.6 sen per share adjusted for the Bonus Issue amounting to RM72,569,371).

B11 – Auditors' Reports

The auditors' report on the financial statements of the Group and the Company for the most recent audited financial statements were not subject to any qualification.

B12 – 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 RM215.374 million are approximately: -

(i) RM57.9 million held as securities for banking facilities secured by the Group,

(ii) RM70.5 million held in a subsidiary that is subject to restrictions imposed under an IMTN program; and

(iii) RM24.2 million for the second interim single-tier dividend payable in respect of the financial year ended 31 December 2019.

B13 – Authorisation for Release

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

By Order of the Board
Tan Bee Hwee (MAICSA 7021024)
Wong Wai Foong (MAICSA 7001358)
Company Secretaries
27 November 2019