

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2021**  
**(UNAUDITED)**

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## KEY FINANCIAL HIGHLIGHTS

<i>(in RM'000 unless specified otherwise)</i>	12 months ended 31 December		Variance
	2021 unaudited	2020 audited	(%) #
Revenue	302,272	317,880	↓ 5
Gross profit	139,688	123,659	↑ 13
Profit before taxation (“PBT”)	113,970	78,516	↑ 45
Profit for the year	102,356	63,531	↑ 61
Earnings per share (EPS) (sen)	3.89	2.95	↑ 32
Dividends per share (sen)	6.60	6.60	-

# approximate, to the nearest digit

- Revenue stood at RM302.3 million, a decrease of 5% or RM15.6 million compared to the corresponding year, mainly attributable to lower revenue from the water treatment, supply and distribution segment. However, the lower revenue from this segment was mitigated by the toll compensation of RM43.5 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 (“**Toll Compensation**”).
- The drop in revenue in the water treatment, supply and distribution segment was primarily due to the expiration of Taliworks (Langkawi) Sdn Bhd’s (“**TLSB**”) Privatisation Contract with the State Government of Kedah Darul Aman for the management, operations and maintenance of the water supply system in Pulau Langkawi on 31 October 2020 (referred to in Note 25(a) to the Audited Financial Statements) in which the company contributed a revenue of RM52.6 million and an operating profit of RM11.2 million to the Group in the corresponding year, and to a lesser extent, lower electricity rebates from the Sungai Selangor Water Treatment Plant Phase 1 (“**SSP1**”) operation due to lower electricity cost. The lower electricity cost was due to the Imbalance Cost Pass-Through (“**ICPT**”) rebate offered by Tenaga Nasional Berhad (“**TNB**”) to all its customers starting January 2021.
- Despite expiration of the TLSB Privatisation Contract, the Group registered a higher gross profit by 13% or RM16.0 million attributable to the receipt of the Toll Compensation and to a lesser extent, a write back of over-provision of heavy repairs recognised in prior years amounting to RM2.8 million arising from the deferment of major heavy repairs scheduled in year 2022 to 2023. However, the higher gross profit was impacted by lower contribution from the construction division mainly due to a downward revision to the estimated project margin from the 76ML RC Reservoir R4 and Related Ancillary Works at Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan (“**CRJ4 Project**”).
- In line with the higher gross profit, PBT saw an increase by 45% or by RM35.5 million to RM114.0 million. The higher PBT was also attributable to higher share of results from joint venture and associates; higher gain on disposal of property, plant and equipment and sundry income in TLSB as well as lower financing costs. However, the higher PBT was impacted by lower net returns from interest income, dividend and net gain on redemption from investments designated at fair value through profit or loss (“**FVTPL**”) due to reduction in cash reserves as compared to a year ago. It should be noted that the lower PBT in the corresponding period was also due to, amongst others, a provision made for staff termination benefits of RM6.6 million in relation to the expiration of the TLSB Privatisation Contract.
- Profit for the year was higher by 61% or by RM38.8 million in tandem with the higher PBT.
- EPS increased by 32%, reflecting higher profit attributable to shareholders of the Company.
- The Board is pleased to declare a fourth interim single-tier dividend of 1.65 sen per ordinary share amounting to approximately RM33.3 million in respect of the financial year ended 31 December 2021 to be payable on 25 March 2022.

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

		31 Dec 2021	31 Dec 2020
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>ASSETS</b>			
Property, plant and equipment		6,133	8,941
Right-of-use assets		9,843	12,304
Investment properties		213	219
Intangible assets		1,016,966	1,044,806
Investment in joint venture		67,601	62,952
Investment in associates		153,122	160,347
Other investment		240	240
Goodwill on consolidation		129,385	129,385
Long-term other receivable		18,379	21,909
Deposits, cash and bank balances	B12	48,488	53,231
<b>Total Non-Current Assets</b>		<b>1,450,370</b>	<b>1,494,334</b>
Inventories		2,585	2,901
Amount due from contract customers		6,277	11,991
Trade receivables		50,523	91,716
Other receivables, deposits and prepayments		11,683	11,826
Tax recoverable		12,678	11,304
Investments designated at fair value through profit or loss	B12	346,443	386,326
Deposits, cash and bank balances	B12	62,189	64,617
		492,378	580,681
Asset held-for-sale	B13	694	-
<b>Total Current Assets</b>		<b>493,072</b>	<b>580,681</b>
<b>TOTAL ASSETS</b>		<b>1,943,442</b>	<b>2,075,015</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		438,354	438,354
Merger deficit		(71,500)	(71,500)
Retained earnings		537,944	592,493
<b>Total Equity Attributable to Owners of the Company</b>		<b>904,798</b>	<b>959,347</b>
Non-controlling interests		252,646	248,385
<b>Total Equity</b>		<b>1,157,444</b>	<b>1,207,732</b>
<b>LIABILITIES</b>			
Long-term borrowings	B7	328,540	358,159
Lease liabilities		9,950	12,625
Long-term trade payables		893	17,039
Long-term other payables		-	6,675
Provisions		24,952	23,539
Deferred income		77,790	92,641
Deferred tax liabilities		234,195	234,987
<b>Total Non-Current Liabilities</b>		<b>676,320</b>	<b>745,665</b>
Trade payables		41,516	44,853
Other payables and accruals		17,961	26,372
Provisions		563	2,207
Short-term borrowings	B7	30,000	30,000
Lease liabilities		2,675	2,705
Deferred income		14,864	15,375
Tax liabilities		2,099	106
<b>Total Current Liabilities</b>		<b>109,678</b>	<b>121,618</b>
<b>TOTAL LIABILITIES</b>		<b>785,998</b>	<b>867,283</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,943,442</b>	<b>2,075,015</b>

## CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months ended		12 Months ended	
		31 Dec		31 Dec	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
		<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>
Revenue	A5,B1	72,427	74,894	302,272	317,880
Cost of operations	B14	(49,920)	(43,327)	(162,584)	(194,221)
<b>Gross profit</b>		<b>22,507</b>	<b>31,567</b>	<b>139,688</b>	<b>123,659</b>
Other operating income		3,216	5,743	13,997	20,009
Administrative and other expenses	B14	(8,365)	(19,360)	(34,925)	(46,769)
<b>Operating profit</b>		<b>17,358</b>	<b>17,950</b>	<b>118,760</b>	<b>96,899</b>
Finance costs		(4,811)	(5,246)	(19,105)	(21,212)
Share of results of joint venture		354	3,990	5,999	4,693
Share of results of associates		933	2,367	8,316	(1,864)
<b>Profit before tax</b>	B4	<b>13,834</b>	<b>19,061</b>	<b>113,970</b>	<b>78,516</b>
Income tax expense	B5	(1,853)	(3,749)	(11,614)	(14,985)
<b>Profit for the financial period/ year/ Total comprehensive income</b>		<b>11,981</b>	<b>15,312</b>	<b>102,356</b>	<b>63,531</b>
<b>Profit for the financial period/ year/ Total comprehensive income attributable to:</b>					
Owners of the Company		12,183	15,699	78,495	59,487
Non-controlling interests		(202)	(387)	23,861	4,044
		<b>11,981</b>	<b>15,312</b>	<b>102,356</b>	<b>63,531</b>
<b>Basic and diluted earnings per share attributable to owners of the Company (sen per share)</b>	B10	0.60	0.78	3.89	2.95

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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>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>	248,385	<b>1,207,732</b>
Profit for the financial year	-	-	78,495	78,495	23,861	102,356
<b>Total comprehensive income for the financial year</b>	-	-	78,495	78,495	23,861	102,356
<b>Transactions with owners of the Company:</b>						
Dividends paid	-	-	(133,044)	(133,044)	-	(133,044)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	(19,600)	(19,600)
<b>Total transactions with owners of the Company</b>	-	-	(133,044)	(133,044)	(19,600)	(152,644)
<b>As of 31 Dec 2021 (unaudited)</b>	<b>438,354</b>	<b>(71,500)</b>	<b>537,944</b>	<b>904,798</b>	252,646	<b>1,157,444</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 2020</b>	<b>438,354</b>	<b>(71,500)</b>	<b>666,050</b>	<b>1,032,904</b>	<b>260,021</b>	<b>1,292,925</b>
Profit for the financial year	-	-	59,487	59,487	4,044	63,531
<b>Total comprehensive income for the financial year</b>	<b>-</b>	<b>-</b>	<b>59,487</b>	<b>59,487</b>	<b>4,044</b>	<b>63,531</b>
<b>Transactions with owners of the Company:</b>						
Dividend paid	-	-	(133,044)	(133,044)	-	(133,044)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	(15,680)	(15,680)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>(133,044)</b>	<b>(133,044)</b>	<b>(15,680)</b>	<b>(148,724)</b>
<b>As of 31 December 2020 (Audited)</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>

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying significant events and transactions attached to these interim financial statements.

**CONDENSED STATEMENTS OF CASH FLOWS**

	<u>12 Months</u> <u>ended</u> <u>31 Dec 2021</u> <u>RM'000</u> <u>unaudited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2020</u> <u>RM'000</u> <u>Audited</u>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	113,970	78,516
Adjustments for:		
Non-cash items	180	9,143
Interest income	(2,081)	(2,728)
Finance costs	19,105	21,212
Operating Profit Before Working Capital Changes	131,174	106,143
Net decrease in inventories, amount due from contract customers, trade and other receivables	50,389	24,884
Net decrease in amount due to contract customers, trade and other payables and deferred income	(37,484)	(76,989)
Cash Generated From Operations	144,079	54,038
Income tax paid	(11,246)	(15,198)
Income tax refunded	18	272
<b>Net Cash From Operating Activities</b>	<b>132,851</b>	<b>39,112</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Interest received	1,541	2,728
Property, plant and equipment:		
- Proceeds from disposal	1,188	99
- Purchases	(1,164)	(451)
Dividends received from:		
- Joint venture	1,350	7,650
- Associates	15,600	4,326
Investments designated at FVTPL:		
- purchase	(360,000)	(45,000)
- proceeds from redemption	406,405	255,746
Withdrawals of deposits pledged as security	4,940	4,953
<b>Net Cash From Investing Activities</b>	<b>69,860</b>	<b>230,051</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Interest paid	(19,918)	(21,725)
Repayment of borrowings	(30,165)	(80,000)
Repayment of lease liabilities	(2,412)	(2,436)
Dividends paid ( <i>Note A7</i> )	(133,044)	(157,234)
Dividends paid by a subsidiary to non-controlling interests	(19,600)	(15,680)
<b>Net Cash Used In Financing Activities</b>	<b>(205,139)</b>	<b>(277,075)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,428)</b>	<b>(7,912)</b>
Effects of foreign exchange rate changes	-	5
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>	<b>64,617</b>	<b>72,524</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR</b>	<b>62,189</b>	<b>64,617</b>

## **CONDENSED STATEMENTS OF CASH FLOWS**

	<u>12 Months</u> <u>ended</u> <u>31 Dec 2021</u> <u>RM'000</u> <u>unaudited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2020</u> <u>RM'000</u> <u>Audited</u>
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	81,969	87,020
Cash and bank balances	28,708	30,828
Total deposits, cash and bank balances	110,677	117,848
Less: Deposits pledged as security	(48,488)	(53,231)
	<b><u>62,189</u></b>	<b><u>64,617</u></b>

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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**”), the guidance and recommendations set out in Issues Communication – Guidance on Disclosures in Notes to Quarterly Report (“ICN 1/2017”) and Issuers Communication - Disclosure Guidance on Covid-19 Related Impacts and Investments (ICN 1/2020”) 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 2020 (“**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: -

#### **Adoption of revised Malaysian Financial Reporting Standards (“MFRSs”)**

In the current financial year, 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 2021.

<b>Amendments to MFRSs</b>	<b>Description</b>	<b>Effective for annual financial years beginning on or after</b>
Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendment to MFRS 16	Leases-Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021 (early adopted)

The application 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.

#### **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 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9-Comparative Information
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract
Annual Improvement to MFRS Standards 2018-2020	

#### A1 – Basis of Preparation (continued)

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.

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

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

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

There are no 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 year.

#### 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 year.

#### A5 – Disaggregation of Revenue

The disaggregation of revenue was as follows:

	<u>3 Months ended</u>		<u>12 Months ended</u>	
	<u>31 Dec</u>		<u>31 Dec</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>Audited</u>	<u>unaudited</u>	<u>Audited</u>
<i>Revenue from contracts with customers:</i>				
Management, operations and maintenance of water treatment plants	43,178	49,794	169,073	225,538
Toll revenue and operator fee	17,606	15,272	54,626	58,444
Revenue from construction contracts	6,518	4,499	14,538	12,668
Management fees	1,250	1,316	5,001	5,264
	<u>68,552</u>	<u>70,881</u>	<u>243,238</u>	<u>301,914</u>
<i>Revenue from other sources:</i>				
Deferred income	<u>3,875</u>	<u>4,013</u>	<u>59,034</u>	<u>15,966</u>
Revenue as per Condensed Statement of Comprehensive Income	<u><b>72,427</b></u>	<u><b>74,894</b></u>	<u><b>302,272</b></u>	<u><b>317,880</b></u>
<i>Timing of revenue recognition for revenue from contracts with customers:</i>				
At a point in time	60,784	65,066	223,699	283,982
Over time	<u>7,768</u>	<u>5,815</u>	<u>19,539</u>	<u>17,932</u>
	<u><b>68,552</b></u>	<u><b>70,881</b></u>	<u><b>243,238</b></u>	<u><b>301,914</b></u>

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

During the current quarter and financial year, 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 year amounted to RM133,044,000 (2020: RM157,234,000) as follows:

- (i) On 26 February 2021, 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 2020 which was paid on 31 March 2021; and
- (ii) On 19 May 2021, 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 ended 31 December 2021 which was paid on 30 June 2021.
- (iii) On 23 August 2021, 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 ended 31 December 2021 which was paid on 30 September 2021.
- (iv) On 15 November 2021, the Board declared 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 ended 31 December 2021 which was paid on 31 December 2021.

## **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**

As disclosed in Note 45 to the Audited Financial Statements, a penalty has been imposed by the Royal Malaysian Customs Department (“**RMCD**”) on Sungai Harmoni Sdn Bhd (“**SHSB**”) amounting to RM4,068,000 for late payment on Goods and Services Tax (“**GST**”) liability. SHSB disagreed with the tax penalty imposed and have accordingly appealed against the penalty.

On 31 May 2021, the RMCD announced that taxpayers are eligible to apply for remission of late payment penalty for any GST and penalty due but has not been remitted to the RMCD on condition that the taxpayer must make full payment of outstanding GST to RMCD within the period from 1 May 2021 to 31 August 2021. SHSB subsequently made the application and on 26 November 2021, the application was approved by the RMCD.

With the approval obtained from the RMCD, there are no other material contingent liabilities as at the end of the current financial year and up to 15 February 2022 (being a date not earlier than 7 days from the date of these interim financial statements).

## **A10 – Changes in Composition of the Group**

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

## **A11 – Other Significant Events and Transactions**

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

## A12 - Operating Segments

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

<u>3 Months</u> <u>ended 31 Dec</u>	Water treatment, supply and distribution		Construction		Toll highway		Waste management		Others		Total		Reconciliation		Amount as per Condensed Statement of Comprehensive Income	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	RM'000 unaudited	RM'000 audited	RM'000 unaudited	RM'000 audited	RM'000 unaudited	RM'000 audited	RM'000 unaudited	RM'000 audited	RM'000 unaudited	RM'000 audited	RM'000 unaudited	RM'000 audited	RM'000 unaudited	RM'000 audited	RM'000 unaudited	RM'000 audited
Revenue	43,178	49,794	6,518	4,863	15,608	20,518	81,370	79,252	1,250	1,316	147,924	155,743	(75,497)	(80,849)	72,427	74,894
EBITDA(i)	11,599	15,763	811	1,098	11,363	16,945	20,689	21,592	435	(1,727)	44,897	53,671	(15,164)	(25,479)	29,733	28,192
Depreciation and amortisation	(97)	(134)	(10)	(39)	(7,343)	(7,339)	(3,401)	(4,062)	(894)	(905)	(11,745)	(12,479)	(630)	2,237	(12,375)	(10,242)
Operating profit/(loss)	11,502	15,629	801	1,059	4,020	9,606	17,288	17,530	(459)	(2,632)	33,152	41,192	(15,794)	(23,242)	17,358	17,950
Finance costs	-	-	-	-	(2,941)	(3,288)	(3,515)	(5,979)	(202)	(235)	(6,658)	(9,502)	1,847	4,256	(4,811)	(5,246)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	354	3,990	354	3,990
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	933	2,367	933	2,367
Profit/(loss) before tax	11,502	15,629	801	1,059	1,079	6,318	13,773	11,551	(661)	(2,867)	26,494	31,690	(12,660)	(12,629)	13,834	19,061
Income tax expense	(1,864)	(2,918)	(2)	-	(573)	(2,349)	(7,171)	(4,081)	183	(164)	(9,427)	(9,512)	7,574	5,763	(1,853)	(3,749)
Profit/(loss) after tax	9,638	12,711	799	1,059	506	3,969	6,602	7,470	(478)	(3,031)	17,067	22,178	(5,086)	(6,866)	11,981	15,312
EBDA(ii)	9,735	12,845	809	1,098	7,849	11,308	10,003	11,532	416	(2,126)	28,812	34,657	(4,456)	(9,103)	24,356	25,554
Capex(iii)	193	110	-	5	274	37	2,650	2,504	67	13	3,184	2,669				

<u>12 months</u> <u>ended 31 Dec</u>	<b>Water treatment, supply and distribution</b>		<b>Construction</b>		<b>Toll highway</b>		<b>Waste management</b>		<b>Others</b>		<b>Total</b>		<b>Reconciliation</b>		<b>Amount as per statement of comprehensive income</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
	<b>unaudited</b>	<b>audited</b>	<b>unaudited</b>	<b>audited</b>	<b>unaudited</b>	<b>audited</b>	<b>unaudited</b>	<b>audited</b>	<b>unaudited</b>	<b>audited</b>	<b>unaudited</b>	<b>audited</b>	<b>unaudited</b>	<b>audited</b>	<b>unaudited</b>	<b>audited</b>
Revenue	169,073	225,538	14,538	13,636	82,343	60,862	321,099	313,032	5,001	5,264	592,054	618,332	(289,782)	(300,452)	302,272	317,880
EBITDA(i)	59,044	77,259	(929)	889	70,134	48,092	90,000	82,786	(4,392)	(5,868)	213,857	203,158	(61,633)	(74,235)	152,224	128,923
Depreciation and amortisation	(423)	(600)	(37)	(171)	(22,354)	(21,343)	(10,700)	(18,111)	(3,592)	(3,645)	(37,106)	(43,870)	3,642	11,846	(33,464)	(32,024)
Operating profit	58,621	76,659	(966)	718	47,780	26,749	79,300	64,675	(7,984)	(9,513)	176,751	159,288	(57,991)	(62,389)	118,760	96,899
Finance costs	-	-	-	-	(11,924)	(13,188)	(23,455)	(25,587)	(809)	(1,382)	(36,188)	(40,157)	17,083	18,945	(19,105)	(21,212)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	5,999	4,693	5,999	4,693
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	8,316	(1,864)	8,316	(1,864)
Profit before tax	58,621	76,659	(966)	718	35,856	13,561	55,845	39,088	(8,793)	(10,895)	140,563	119,131	(26,593)	(40,615)	113,970	78,516
Income tax expense	(11,649)	(14,812)	(8)	-	(3,581)	(3,141)	(25,363)	(18,727)	183	(187)	(40,418)	(36,867)	28,804	21,882	(11,614)	(14,985)
Profit after tax	46,972	61,847	(974)	718	32,275	10,420	30,482	20,361	(8,610)	(11,082)	100,145	82,264	2,211	(18,733)	102,356	63,531
EBDA(ii)	47,395	62,447	(937)	889	54,629	31,763	41,182	38,472	(5,018)	(7,437)	137,251	126,134	(1,431)	(30,579)	135,820	95,555
Capex(iii)	370	212	29	14	367	137	4,152	6,945	83	118	5,001	7,426				

## 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 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.*
- 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 the dividend on the cumulative preferences shares held by parties other than the Group.*

As at 31 Dec	<u>Water treatment, supply and distribution</u>		<u>Waste management</u>		<u>Construction</u>		<u>Toll highway</u>		<u>Others</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>
Segment assets	143,555	531,069	140,896	148,691	20,653	27,027	1,302,419	1,332,790	335,919	35,438	1,943,442	2,075,015
Segment liabilities	(39,493)	(70,931)	-	-	(9,972)	(13,885)	(720,232)	(763,947)	(16,301)	(18,520)	(785,998)	(867,283)
Net segment assets	<b>104,062</b>	<b>460,138</b>	<b>140,896</b>	<b>148,691</b>	<b>10,681</b>	<b>13,142</b>	<b>582,187</b>	<b>568,843</b>	<b>319,618</b>	<b>16,918</b>	<b>1,157,444</b>	<b>1,207,732</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 31 Dec 2021 (unaudited) RM’000	As at 31 Dec 2020 (audited) RM’000	Variance (%) #
Total assets	1,943,442	2,075,015	↓ 6
Total liabilities	785,998	867,283	↓ 9
Total shareholders’ equity	1,157,444	1,207,732	↓ 4
Return on equity (%)*	8.7	5.1	↑ 71
Net assets per share (sen)	44.88	47.59	↓ 6

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

# *approximate, to the nearest digit*

- (a) The Group’s total assets dropped by 6% or approximately RM131.6 million mainly due to lower investments designated at FVTPL, cash and bank balances of approximately RM47.1 million principally due to the 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 and other payables during the financial year. Nevertheless, the receipt of the Toll Compensation has contributed positively to the cash reserves.

Trade receivables and amount due from contract customers also shown a decline of approximately RM46.9 million whereas the carrying amount of intangible assets reduced by approximately RM27.8 million due to amortisation charges. In addition, the carrying amount of investment in associates decreased by approximately RM7.2 million mainly due to receipt of dividend totalling RM14.7 million from SWM Environment Holdings Sdn Bhd (“**SWMEH**”) in the current quarter.

- (b) Total liabilities declined by 9% or approximately RM81.3 million mainly due to lower trade and other payables primarily from the scheduled debt repayments made by SHSB to its trade creditors amounting to RM18.7 million and GST payable owing to the RMCD (as disclosed in A9) amounting to RM10.6 million during the financial year. Total borrowings also saw a reduction on account of redemption of the second tranche of the IMTN of RM30.0 million.
- (c) Total shareholders’ equity was lower by 4% or about RM50.3 million in line with dividends paid to shareholders of the Company mitigated by profit recorded for the financial year. Correspondingly, the net assets per share stood at 44.88 sen compared to 47.59 sen as at 31 December 2020.

## 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 A5 – Disaggregation of Revenue above.

	<u>3 Months</u> <u>ended</u> <u>31 Dec 2021</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>31 Dec 2020</u> <u>RM’000</u> <u>audited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2021</u> <u>RM’000</u> <u>unaudited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2020</u> <u>RM’000</u> <u>audited</u>
<i>Revenue</i>				
Water treatment, supply and distribution <sup>1</sup>	43,178	49,794	169,073	225,538
Construction	6,518	4,499	14,538	12,668
Toll highway	21,481	19,285	113,660	74,410
Others	1,250	1,316	5,001	5,264
<b>Revenue as per Condensed Statement of Comprehensive Income</b>	<b>72,427</b>	<b>74,894</b>	<b>302,272</b>	<b>317,880</b>
<i>Profit Before Tax</i>				
	<u>3 Months</u> <u>ended</u> <u>31 Dec 2021</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>31 Dec 2020</u> <u>RM’000</u> <u>audited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2021</u> <u>RM’000</u> <u>unaudited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2020</u> <u>RM’000</u> <u>audited</u>
Water treatment, supply and distribution <sup>1</sup>	11,502	13,796	58,621	74,811
Construction	798	1,116	(981)	524
Toll highway	5,073	5,630	69,960	31,037
Others	(15)	(2,592)	(8,840)	(9,473)
<b>Operating profit</b>	<b>17,358</b>	<b>17,950</b>	<b>118,760</b>	<b>96,899</b>
Finance cost	(4,811)	(5,246)	(19,105)	(21,212)
Share of results of joint venture	354	3,990	5,999	4,693
Share of results of associates	933	2,367	8,316	(1,864)
<b>Profit before tax for the financial period/year</b>	<b>13,834</b>	<b>19,061</b>	<b>113,970</b>	<b>78,516</b>

Note 1:

Taliworks (Langkawi) Sdn Bhd (“*TLSB*”)’s contribution to the Group financial performance in the corresponding period were as follows:

	<i>3 Months ended</i> <i>31 Dec 2020</i> <i>RM’000</i> <i>audited</i>	<i>12 Months ended</i> <i>31 Dec 2020</i> <i>RM’000</i> <i>audited</i>
Revenue	7,219	52,642
Operating profit	1,734	11,187



## 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

##### Overall Summary

For the current quarter, the Group recorded revenue of RM72.4 million, a reduction of RM2.5 million from RM74.9 million in the corresponding quarter. The lower revenue was mainly attributable to lower contribution from the water treatment, supply and distribution business, primarily due to the expiration of the TLSB Privatisation Contract with the State Government of Kedah Darul Aman for the management, operations and maintenance of the water supply system in Pulau Langkawi on 31 October 2020. SSP1 operations, on the other hand, contributed a higher revenue on account of higher metered sales despite of lower electricity rebates due to lower electricity cost during the current quarter. The lower electricity cost in SSP1 operation was due to ICPT rebate offered by TNB since January 2021. The reduction in the Group revenue however was mitigated by higher revenue contribution from toll division due to higher Average Daily Traffic (“ADT”) as well as from construction business due to increased contribution from few of the projects.

In line with the decrease in revenue, the Group reported a lower PBT of RM13.8 million compared to RM19.1 million in the corresponding quarter. The PBT was also impacted by, amongst others, lower share of results from an associate, SWMEH and joint venture, lower net returns from investments designated at FVTPL by RM1.0 million and higher depreciation and amortisation by RM2.1 million. Apart from these, the downward revision to the estimated project margin for the CRJ4 Project in the current quarter has also trimmed down the profit contribution from construction business. However, the lower PBT was mitigated by, amongst others, lower rehabilitation and maintenance expenses.

##### Water treatment, supply and distribution

The division’s operating revenue recorded a decrease from RM49.8 million to RM43.2 million mainly due to the expiration of the TLSB Privatisation Contract, in which TLSB contributed a revenue of RM7.2 million in the corresponding quarter. The reduction, however, was mitigated by higher metered sales 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>Q4 - 2021</b>	<b>Q4 - 2020</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	89.3	86.0	↑ 3.8
Number of billing days	92	92	
Average MLD	970.3	934.8	↑ 3.8

In line with the decrease in revenue, the segment operating profit also shows a reduction to RM11.5 million from RM13.8 million recorded in the corresponding quarter, coupled with lower returns from interest income, dividend and gain on redemption from investments designated at FVTPL of RM0.4 million (Q4FY20: RM2.2 million). Nevertheless, it should be noted that the unit operating costs in SSP1 operation is lower than corresponding quarter, amongst others, from lower unit electricity costs and other expenses.

## 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 RM2.0 million as compared to RM4.5 million mainly from an on-going project i.e. CRJ4 Project and upward revision of the construction revenue from the Mengkuang Dam Project and Langat 2 - Package 7 Balancing Reservoir Project (“**L2P7 Project**”) which had been completed. The contract sum for Mengkuang Dam Project was revised upon issuance of final account during the current quarter. Despite the increase in revenue, the segment recorded lower operating profit due to downward revision to the estimated project margin for the CRJ4 Project in the current quarter. The downward revision was mainly due to the additional staff and site overhead costs incurred due to work suspension mandated by the nationwide implementation of the Movement Control Orders (“**MCO**”) arising from the Covid-19 pandemic which the division was unable to claim against the customer and the increases in the price of steel bars.

##### Toll highway - Subsidiary

<b>Average Daily Traffic</b>	<b>Q4 - 2021</b>	<b>Q4 - 2020</b>	<b>Variance (%)</b>
Grand Saga Highway	142,197	122,513	↑ 16

Revenue contribution from Grand Saga, was higher by RM2.2 million as compared to the corresponding quarter due to higher ADT by 16%. Despite reporting a higher revenue, the segment’s operating profit was lower by RM0.6 million as compared to the corresponding quarter mainly due to higher repairs and maintenance and amortisation of intangible assets.

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

<b>ADT</b>	<b>Q4 - 2021</b>	<b>Q4 - 2020</b>	<b>Variance (%)</b>
Grand Sepadu Highway	82,725	78,150	↑ 6

Despite the higher ADT by 6%, the Group’s share of results in Grand Sepadu (NK) Sdn Bhd (“**Grand Sepadu**”) was substantially lower due to the receipt of toll compensation of RM16.97 million from the Government of Malaysia in the corresponding quarter. The toll compensation was for the non-increase of toll rates, which comprises of RM12.31 million advance compensation for the year 2020 and RM4.66 million for the remaining balance of toll compensation in respect of 2019. Furthermore, lower share of results in the current quarter was due to higher repair and maintenance expenses.

##### Waste management - Associate

The Group’s share of results of associates is mainly contributed by SWMEH. The Group’s share of profit from SWMEH was RM0.6 million as compared to a share of profit of RM2.0 million in the corresponding quarter due to lower PAT recorded by SWMEH and higher adjustments made by the Group of RM48.8 million (Q4FY20: RM47.2 million) to SWMEH’s PAT. At SWMEH’s company level, the revenue from both solid waste collection and public cleansing services was higher as compared to the corresponding quarter mainly attributable to handing over of new areas by its customer. Nevertheless, the company recorded a lower PAT in the current quarter at RM50.5 million as compared to RM53.0 million mainly due to higher subcontractor related cost as a result of a write back of over-provision of subcontractor related costs recognised in prior years in the corresponding quarter.

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

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

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

##### Overall Summary

The Group recorded a significant decrease in revenue by RM15.6 million from RM317.9 million to RM302.3 million in the current financial year mainly attributable to lower contribution from water treatment, supply and distribution business, primarily due to expiration of the TLSB Privatisation Contract, and to a lesser extent, lower electricity rebates recorded in SSP1 operations due to lower electricity cost during the current financial year. However, the lower revenue from water treatment, supply and distribution segment was mitigated by the receipt of Toll Compensation.

Despite not having revenue contributed by TLSB, the Group registered a higher PBT of RM114.0 million compared to RM78.5 million achieved in the corresponding year. The higher PBT was attributable to the following:-

- (a) Toll segment – receipt of Toll Compensation and write back of over-provision of heavy repairs recognised in prior years amounting to RM2.8 million arising from the deferment of major heavy repairs scheduled in year 2022 to 2023; and
- (b) higher share of results from associate and joint venture, higher gain on disposal of property, plants and equipment and sundry income totalling RM2.8 million recognised in TLSB (as disclosed in Note B4) as well as lower financing cost due to the redemption of the IMTN.

However, the higher PBT was impacted by lower net returns of RM8.2 million (YTD Q4FY20: RM15.1 million) from interest income, dividend, and net gain on redemption from investments designated at FVTPL. In addition, the downward revision to the project margin for the CRJ4 Project in the current quarter has also impacted the profit contribution from construction business. The lower PBT in the previous year was due to provision made for staff termination benefits of RM6.6 million in relation to the expiration of the TLSB Privatisation Contract.

##### Water treatment, supply and distribution

At the operating level, water treatment, supply and distribution business recorded a revenue of RM169.1 million, considerably lower than RM225.5 million achieved a year ago due to the to the expiration of the TLSB Privatisation Contract and lower electricity rebates of RM20.9 million (YTD Q4FY20: RM24.8 million) due to lower electricity cost on account of ICPT rebate offered by TNB, despite having a higher metered sales in the SSP1 operations as follows:-

SSP1	YTD 2021	YTD 2020	Variance (%)
Metered Sales (million m <sup>3</sup> )	348.7	347.6	↑ 0.3
Number of billing days	365	366	
Average MLD	955.3	949.7	↑ 0.6

In line with the decrease in revenue, the segment operating profit was lower at RM58.6 million compared to RM74.8 in the preceding year. Furthermore, the decrease in segment operating profit was also contributed by lower net returns of RM5.7 million (YTD Q4FY20: RM12.1 million) from interest income, dividend, and net gain on redemption from investments designated at FVTPL as well as higher provision for loss allowance on receivables in the current financial period. However, the lower operating profit was mitigated by lower rehabilitation and maintenance expenses incurred and higher gain on disposal of property, plant and equipment and sundry income in the current financial year. It should be noted that the previous year’s operating profit was impacted by a provision for staff termination benefits of RM6.6 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)

##### Construction

The construction division’s revenue was higher as compared to the corresponding year due to the upward adjustment of the contract sum for Mengkuang Dam Project upon issuance of final account in the current financial year. Nevertheless, the segment recorded higher operating losses compared to the corresponding year due to downward revision to the project margin for the CRJ4 Project in the current quarter.

##### Toll operations-Subsidiary

ADT	YTD 2021	YTD 2020	Variance (%)
Grand Saga Highway	110,735	118,836	↓ 7

Despite the decrease in ADT by 7%, revenue contribution from the Grand Saga Highway increased significantly to RM113.7 million from RM74.4 million due to receipt of the Toll Compensation. The segment’s operating profit was also higher in line with the increase in revenue, coupled with the write back of over-provision of heavy repairs. However, the higher operating profit was impacted by lower interest income and higher expenses such as amortisation of intangible asset and repairs and maintenance expenses in the current financial year.

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

ADT	YTD 2021	YTD 2020	Variance (%)
Grand Sepadu Highway	73,418	75,834	↓ 3

The Group’s share of results in Grand Sepadu was higher compared to the corresponding year mainly attributable to higher toll compensation received of RM19.8 million (YTD Q4FY20: RM16.97 million) and write back of overprovision for heavy repairs. Despite the drop in the overall ADT by 3%, the revenue from toll collection has increased due to more commercial vehicles plying the highway which has a higher toll fare. However, the share of profits was impacted by higher repair and maintenance as well as amortisation of intangible assets.

##### Waste management –Share of results of associate

The Group’s share of profit from SWMH was RM6.9 million compared to share of loss of RM3.4 million in the corresponding year due to higher PAT recorded in SWMEH and lower adjustments made by the Group of RM194.0 million (YTD Q4FY20: RM194.5 million) to SWMEH’s PAT. The PAT of SWMEH is higher at RM213.8 million as compared to RM184.9 million mainly due to higher revenue from both solid waste collection and public cleansing services, coupled with lower depreciation expense of assets reaching their lifespan. The higher PAT, however, was impacted by higher subcontractor related costs as a result of a write back of over-provision of subcontractor related costs recognised in prior years in the preceding year.

**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**

Revenue

	<u>3 Months ended</u> <u>31 Dec 2021</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months ended</u> <u>30 Sep 2021</u> <u>RM’000</u> <u>unaudited</u>
Water treatment, supply and distribution	43,178	41,675
Construction	6,518	1,404
Toll highway	21,481	57,975
Others	1,250	1,251
<b>Total revenue as per Condensed Statement of Comprehensive Income</b>	<b>72,427</b>	<b>102,305</b>

Profit Before Tax

Water treatment, supply and distribution	11,502	17,646
Construction	798	(480)
Toll highway	5,073	50,772
Others	(15)	(3,646)
<b>Operating profit</b>	<b>17,358</b>	<b>64,292</b>
Finance cost	(4,811)	(4,862)
Share of results of joint venture	354	5,037
Share of results of associates	933	2,772
<b>Profit before tax for the financial period</b>	<b>13,834</b>	<b>67,239</b>

The Group recorded a decrease in revenue by RM29.9 million from RM102.3 million to RM72.4 million mainly due to the receipt of Toll Compensation in the preceding quarter. However, the decrease was mitigated by a higher contribution from water treatment, supply and distribution segment as well as construction business.

In terms of PBT, the decrease of RM53.4 million is in line with the decrease in revenue, coupled with a lower share of profit from associates and joint venture in the current quarter. In addition, the lower PBT was also attributable to higher rehabilitation and maintenance in SSP1 operation as well as lower net returns of RM0.4 million (Q3FY21: RM1.6 million) from interest income, dividend, and net gain on redemption from investments designated at FVTPL in the current quarter.

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

<b>SSP1</b>	<b>Q4 - 2021</b>	<b>Q3 - 2021</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	89.3	86.7	↑ 3.0
Number of billing days	92	92	
Average MLD	970	942	↑ 3.0

The construction division’s revenue was higher as compared to previous quarter due to contribution from CRJ4 Project and upward adjustment of the contract sum for L2P7 Project and Mengkuang Dam Project. The segment recorded an operating profit in line with the increase in revenue, offset the impact from downward revision to the project margin for the CRJ4 Project in the current quarter.

## 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

Traffic volume for both highways show a significant improvement due to reopening of certain businesses towards the end of preceding quarter and upon KL & Selangor moving into Phase 3 and Phase 4 and inter-state travelling was allowed in the current quarter. Despite the significant improvement in the ADT, profit contribution from both Grand Saga Highway and from joint venture, Grand Sepadu Highway have decreased due to absence of toll compensations and higher repair and maintenance expenses in the current quarter, coupled with write back of over-provision of heavy repairs in preceding quarter.

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

ADT	Q4 - 2021	Q3 - 2021	Variance (%)
Grand Saga Highway	142,197	85,016	↑ 67
Grand Sepadu Highway	82,725	63,457	↑ 30

The decrease in share of profit from associates is mainly due to higher of provision for loss allowance on receivables recognised in the current quarter.

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

	<u>12 Months ended</u> <u>31 Dec 2021</u> <u>RM'000</u> <u>unaudited</u>	<u>12 Months ended</u> <u>31 Dec 2020</u> <u>RM'000</u> <u>audited</u>	Variance (%)
Net cash generated from operating activities	132,851	39,112	> ↑ 100
Net cash generated from investing activities	69,860	230,051	↓ 70
Net cash used in financing activities	(205,139)	(277,075)	↓ 26

Net cash generated from operating activities was higher by RM93.7 million primarily attributable to the receipt of Toll Compensation, higher receipt from trade receivable in TLSB, higher receipt from contract customers and lower scheduled debt repayments made by SHSB to its trade and other payables as compared to corresponding year.

Net cash generated from investing activities was lower by RM160.2 million primarily due to the lower net proceeds from redemption of investments designated at FVTPL as compared to corresponding year.

Net cash outflow from financing activities was lower by RM71.9 million mainly due to lower repayment of borrowings and dividends payment to shareholders as compared to corresponding year.

## **B2 – Prospects**

The profitability of the Group is largely driven by the performance of the water treatment, supply and distribution through the SSP1 operations and the toll divisions as these segments contribute the bulk of the profits and cash flows 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 operations which enabled the Company to declare dividends to its shareholders. Payments received by SHSB have been prompt and this ensures that SHSB is able to properly manage its working capital requirements to pay its creditors and to meet its obligations including the rehabilitation and maintenance of SSP1 are adequately attended to. Demand for treated raw water is expected to remain robust for 2022 given continuation of economic activities in all business sectors.

In the toll highway division, revenue from toll collections is expected to further improve in line with the higher ADT as the country moves towards an economic recovery, having been in the doldrums for the past two years due to the Covid-19 pandemic. Bank Negara Malaysia has indicated that the Malaysian economy will expand in 2022, underpinned by continued expansion in global demand and higher private-sector expenditure given improving labour market conditions and on-going policy support. However, the waiver of income tax payable from the Government of Malaysia arising from the Fourth Supplemental Concession Agreement entered between the Government of Malaysia and Grand Saga (referred to in Note 45 to the Audited Financial Statements 2011) has ended at the end of this financial year. Moving forward in 2022, statutory income generated from Grand Saga will be subjected to income tax.

In the waste management division, SWMEH continues to achieve better profit performance on the back of higher revenue, from both solid waste collection and public cleansing services as well as lower operating expenditure. This was mainly from increasing areas to be serviced and lower depreciation charges from assets reaching their lifespan. SWMEH is currently in the process of discussing for a tariff rate increase for its solid waste collection and public cleansing management services with the Federal Government under the terms of its concession agreement. The discussions are still on-going.

In the construction segment, the Group recently secured contracts from Pengurusan Air Selangor Sdn. Bhd. to develop two packages under Phase 1 of the Sungai Rasau water treatment plant and water supply scheme. The contracts 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 “Rasau Projects”). The construction of the Rasau Projects has commenced in the current quarter and completion date for the works is expected by end of 2024. The Rasau Projects boosted the Group’s construction order book close to RM900 million and is expected to contribute positively to the Group’s revenue and profit over the next 3 years. Whilst 2022 will see contribution from these projects, the bulk of the revenue and profit recognition will be in 2023 and 2024.

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. In late 2020, the Group made its maiden foray into the renewables sector via the acquisition of a majority stake in four solar projects in Selangor, Malaysia with an aggregate capacity of 19.0 Megawatt-peak. The proposed acquisitions is currently pending approval from the Energy Commission Malaysia.

## B2 – Prospects (continued)

### ICN1 2020 Disclosure Guidance on Covid-19 Related Impacts and Investments

As the Group is predominantly involved in businesses that provide essential services to the public, the Covid-19 outbreak does not materially impact the business outlook, liquidity, financial position or financial performance of the Group save for the toll businesses.

In order to sustain the business operations and to enable the Group to continue as a going concern in the post Covid-19 environment, the Group has implemented several strategies and steps to address the impact of Covid-19, amongst others:

- (a) reducing, cancelling or deferring non-critical repair works and capital expenditure spending wherever possible;
- (b) securing cash subsidy from the wage subsidy programme and other reliefs announced by the Government under the various economic stimulus packages for business segments that were affected; and
- (c) adhering to the Standard Operating Procedures and other guidelines issued by the Ministry of Health such as investment in thermal scanners, sanitising stations, frequent fogging disinfection at public areas and touch points, maintaining physical distancing protocols, working from home arrangements etc.

The Group closely monitors the development of the Covid-19 pandemic and continuously assesses the impact to its operations, liquidity, the financial position and operating results of the Group.

## 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 31 Dec</u>		<u>12 Months ended 31 Dec</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>
<i>Other operating income:</i>				
Interest income on fixed deposits with licensed banks	842	697	2,081	2,728
Dividend from investments designated at FVTPL	1,157	2,090	6,418	11,222
Rental income	142	178	749	647
Gain on redemption of investments designated at FVTPL	-	14	21	1,179
(Loss)/Gain on foreign exchange (unrealised)	(1)	2	2	6
Interest income imputed on retention sum	(30)	-	-	-
Fair value changes	433	(63)	433	64
Reversal of loss allowance on trade receivables and amount due from contract customers	119	1,728	119	1,798
Gain on modification on other payables	-	408	-	408
Waiver of rental	-	-	-	167
Gain on disposal of property, plant and equipment and sundry income	10	8	2,786	98



**B4 – Profit before tax**

	<u>3 Months ended 31 Dec</u>		<u>12 Months ended 31 Dec</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>
<i><u>Cost of operations, administrative and other expenses:</u></i>				
Depreciation and amortisation	(12,375)	(10,242)	(33,464)	(32,024)
Provision of staff termination benefits	-	-	-	(6,587)
Imputed interest on borrowing	(109)	(137)	(381)	(547)
Loss on redemption of investments designated at FVTPL	(201)	1	(291)	(65)
Loss on fair value changes	(60)	(2)	(67)	(389)
Loss allowance on trade and other receivables and amount due from contract customers	(865)	(1,372)	(918)	(1,652)
Loss on foreign exchange (unrealised)	-	-	(2)	-
Reversal of interest income imputed on retention sum	(41)	8	(41)	(65)
Reversal of gain on modification on trade and other payables	-	(1,833)	(1,349)	(1,833)

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 associate 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 31 Dec</u>		<u>12 Months ended 31 Dec</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>
Income tax:				
-Current year tax	2,859	3,263	12,681	14,768
-(Over)/Under-provision in prior years	(184)	60	(276)	60
-Deferred tax expense/(Reversal of Deferred tax)	(822)	426	(791)	157
Total income tax expense	<b>1,853</b>	<b>3,749</b>	<b>11,614</b>	<b>14,985</b>

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

As of 15 February 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, save and except for the proposed acquisition of the equity interest in renewable energy business as disclosed in Note 47 to the Audited Financial Statements. The proposed acquisition is currently pending approval of the Energy Commission Malaysia. During the current quarter, the Long Stop Date of the SESH SPA (which relates to the Proposed Acquisition) has been extended to 15 March 2022 or such other date as the Parties may agree in writing, whereas the Long Stop Date of SEV SPA (which relates to the Proposed Acquisition II) has lapsed on 16 December 2021 and has not been extended.

Details of the announcement by the Company can be downloaded from:-

- (a) [https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3214984](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3214984) (dated 1 December 2021); and
- (b) [https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3219160](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3219160) (dated 16 December 2021)

## 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>RM'000</u>	<u>Short term</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>31 Dec 2021 (unaudited)</u>			
Secured			
- IMTN	<u>328,540</u>	<u>30,000</u>	<u>358,540</u>
<u>31 Dec 2020 (audited)</u>			
Secured			
- IMTN	<u>358,159</u>	<u>30,000</u>	<u>388,159</u>

The RM420 million in nominal value IMTN Programme issued by Cerah Sama is repayable over 11 annual instalments commencing 2020. During the financial year, the second tranche of the IMTN amounting to RM30 million in nominal value was redeemed in full at maturity in January 2021 (YTD Q4FY20: RM30 million). As at the end of the financial year, the outstanding balance of the IMTN was RM360 million.

## 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 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, to be payable on 25 March 2022.

For the financial year ended 31 December 2021, the Board has declared a total single-tier dividend of 6.60 sen to shareholders amounting to RM133,044,000 (2020: 6.60 sen per share amounting to RM133,044,000).

## 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/year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year.

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

	<u>3 Months ended 31 Dec</u>		<u>12 Months ended 31 Dec</u>	
	<u>2021</u> <u>unaudited</u>	<u>2020</u> <u>audited</u>	<u>2021</u> <u>unaudited</u>	<u>2020</u> <u>audited</u>
Profit for the financial period/year attributable to owners of the Company (RM'000)	12,183	15,699	78,495	59,487
Weighted average number of ordinary shares in issue ('000)	2,015,817	2,015,817	2,015,817	2,015,817
Earnings per share (sen)	<u><b>0.60</b></u>	<u><b>0.78</b></u>	<u><b>3.89</b></u>	<u><b>2.95</b></u>

## B11 – Auditors’ Reports

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

## B12 – Investment Designated at FVTPL, Deposits, Bank and Cash Balances

As at the end of the financial year, included in the investment designated at FVTPL, deposits, bank and cash balances totalling RM457.1 million are approximately: -

- (i) RM48.5 million held as securities for banking facilities secured by the Group; and
- (ii) RM9.6 million held in a subsidiary that is subject to restrictions imposed under an IMTN program.

## B13 – Asset Held for Sale

The Group has accepted an offer to dispose of an investment property comprising a parcel of freehold land and building and accordingly reclassified it as asset held-for-sale. The disposal consideration exceeded the carrying amount of the asset 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.

#### **B14 – Restatement of Comparatives**

Certain comparatives may differ from the unaudited financial results announced for the fourth quarter of 2020 as they have been adjusted to take into account the audited results of the Group for the year ended 31 December 2020, amongst others, a reclassification of staff termination benefits and other payments expenses of RM6.2 million made resulting in the decrease in “cost of operations” and correspondingly increase in “administrative and other expenses” line items in the Condensed Statements of Comprehensive Income as follows:-

	<u>As previously reported RM'000</u>	<u>Reclassification adjustments RM'000</u>	<u>As per Audited Financial Statements RM'000</u>
<b><i>Condensed Statements of Comprehensive Income</i></b>			
<u>3 Months ended 31 Dec 2020</u>			
Cost of operations	(49,499)	6,172	(43,327)
Administrative and other expenses	(13,188)	(6,172)	(19,360)
<u>12 Months ended 31 Dec 2020</u>			
Cost of operations	(200,393)	6,172	(194,221)
Administrative and other expenses	(40,597)	(6,172)	(46,769)

#### **B15 – 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  
22 February 2022