

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2023**  
**(UNAUDITED)**

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**This Report is authorised by the Board for public release on 22 August 2023**

## KEY FINANCIAL HIGHLIGHTS

<i>(in RM'000 unless specified otherwise)</i>	<u>6 months ended 30 Jun</u>		<u>Variance</u>
	<u>2023</u>	<u>2022</u>	(%)
	unaudited	unaudited	#
Revenue	182,560	160,579	↑ 14
Gross profit	62,586	59,863	↑ 5
Profit before taxation (“PBT”)	34,292	34,807	↓ 1
Profit for the period	25,114	23,862	↑ 5
Earnings per share (“EPS”) (sen)	1.08	1.07	↑ 1
Dividends per share (sen)	3.30	3.30	-

# approximate, to the nearest digit

- The Group achieved revenue of RM182.56 million, reflecting an increase of 14% or RM21.98 million compared to the corresponding period. With the exception of the construction segment, which only showed a marginal decrease, the growth is mainly driven by higher revenue from the operating subsidiaries, principally the water treatment and supply; and renewable energy segments.
- The increase in revenue in the water treatment and supply segment was primarily attributed to two (2) key factors i.e. (a) the increase in the Bulk Water Supply Rate from RM0.41/m<sup>3</sup> to RM0.42/m<sup>3</sup> with effect from 1 January 2023 (“**BWSR Increase**”) as provided under the Bulk Water Supply Agreement with Pengurusan Air Selangor Sdn. Bhd. (“**Air Selangor**”) and (b) the increase in electricity rebate in the Sungai Selangor Water Treatment Plant Phase 1 (“**SSPI**”) operations. This higher electricity rebate is primarily due to an increase in the Imbalance Cost Pass-Through (“**ICPT**”) surcharge imposed by Tenaga Nasional Berhad (“**TNB**”) from RM0.037/kWh to RM0.20/kWh effective 1 January 2023.
- The growth in revenue of the Group was also driven by commendable performances from the toll highway on account of higher Average Daily Traffic (“**ADT**”) and renewable energy segment from higher sales of electricity generated by solar photovoltaic plants for a period of six (6) months compared to approximately three (3) months in the corresponding period as the acquisition of the solar renewable energy project was only completed in April 2022.
- In line with higher revenue, the Group registered higher gross profit by 5% or by RM2.72 million.
- Despite higher gross profit, PBT stayed about the same at RM34.3 million compared to RM34.8 million in the corresponding period, attributable to higher share of losses of associates, lower share of joint venture’s profits, as well as lower interest income, dividend and net gain on redemption from investments designated at fair value through profit or loss (“**FVTPL**”) in the current period. However, the lower PBT was mitigated by a one-off gain from the disposal of investment property, an increase in fair value gain and foreign exchange gains recognised in the current period.
- On the other hand, the profit for the period was higher by RM1.25 million or 5%, primarily from a lower tax expense in the current period due to overprovision of deferred tax in the prior year.
- EPS increased by 1%, reflecting higher profit attributable to shareholders of the Company.
- The Board is pleased to declare a second interim single-tier dividend of 1.65 sen per share amounting to approximately RM33.26 million in respect of the financial year ending 31 December 2023 to be payable on 29 September 2023.

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

		30 Jun 2023	31 Dec 2022
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>ASSETS</b>			
Property, plant and equipment		126,807	132,047
Right-of-use assets		33,859	35,750
Investment properties		98	99
Intangible assets		972,177	988,040
Investment in joint venture		71,147	73,783
Investment in associates		120,011	129,343
Other investment		200	200
Goodwill on consolidation		132,503	132,503
Long-term other receivable		15,561	15,561
Deferred tax assets		7,180	6,228
Deposits, cash and bank balances	B13	17,478	47,517
<b>Total Non-Current Assets</b>		<b>1,497,021</b>	<b>1,561,071</b>
Inventories		41,526	20,914
Trade receivables		69,747	74,758
Other receivables, deposits and prepayments		20,136	17,924
Tax recoverable		3,788	9,355
Investments designated at fair value through profit or loss	B13	81,617	120,740
Deposits, cash and bank balances	B13	81,775	48,854
		298,589	292,545
Assets held-for-sale	B12	-	694
<b>Total Current Assets</b>		<b>298,589</b>	<b>293,239</b>
<b>TOTAL ASSETS</b>		<b>1,795,610</b>	<b>1,854,310</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		438,354	438,354
Merger deficit		(71,500)	(71,500)
Currency translation reserve		(713)	(217)
Retained earnings		376,094	420,755
<b>Total Equity Attributable to Owners of the Company</b>		<b>742,235</b>	<b>787,392</b>
Non-controlling interests		263,712	260,459
<b>Total Equity</b>		<b>1,005,947</b>	<b>1,047,851</b>
<b>LIABILITIES</b>			
Long-term borrowings	B7	269,060	298,907
Lease liabilities		33,057	33,391
Long-term trade payables		600	1,050
Provisions		36,990	34,253
Deferred income		66,068	63,278
Deferred tax liabilities		243,643	248,139
<b>Total Non-Current Liabilities</b>		<b>649,418</b>	<b>679,018</b>

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

		<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
		<u>RM'000</u>	<u>RM'000</u>
	<u>Note</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
<b>LIABILITIES</b>			
Trade payables		33,092	23,882
Amount due to contract customers		34,648	13,772
Other payables and accruals		25,486	37,176
Provisions		93	93
Short-term borrowings	B7	30,000	30,000
Lease liabilities		1,814	2,738
Deferred income		7,254	14,389
Tax liabilities		7,858	5,391
<b>Total Current Liabilities</b>		<b>140,245</b>	<b>127,441</b>
<b>TOTAL LIABILITIES</b>		<b>789,663</b>	<b>806,459</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,795,610</b>	<b>1,854,310</b>

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	3 Months ended		6 Months ended	
		30 Jun		30 Jun	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
		unaudited	unaudited	unaudited	unaudited
Revenue	A4, B1	<b>89,028</b>	<b>85,733</b>	<b>182,560</b>	<b>160,579</b>
Cost of operations		(57,864)	(54,407)	(119,974)	(100,716)
<b>Gross profit</b>		<b>31,164</b>	<b>31,326</b>	<b>62,586</b>	<b>59,863</b>
Other operating income		5,131	3,041	7,045	5,506
Administrative and other expenses		(9,005)	(8,535)	(18,017)	(16,130)
<b>Operating profit</b>		<b>27,290</b>	<b>25,832</b>	<b>51,614</b>	<b>49,239</b>
Finance costs		(4,324)	(4,470)	(8,729)	(8,971)
Share of results of joint venture		243	517	739	1,064
Share of results of associates		(4,577)	(4,113)	(9,332)	(6,525)
<b>Profit before tax</b>	B4	<b>18,632</b>	<b>17,766</b>	<b>34,292</b>	<b>34,807</b>
Income tax expense	B5	(5,193)	(5,402)	(9,178)	(10,945)
<b>Profit for the financial period</b>		<b>13,439</b>	<b>12,364</b>	<b>25,114</b>	<b>23,862</b>
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		(441)	(152)	(496)	(152)
<b>Total comprehensive income for the financial period</b>		<b>12,998</b>	<b>12,212</b>	<b>24,618</b>	<b>23,710</b>
<b>Profit for the financial period attributable to:</b>					
Owners of the Company		11,802	11,048	21,861	21,632
Non-controlling interests		1,637	1,316	3,253	2,230
		<b>13,439</b>	<b>12,364</b>	<b>25,114</b>	<b>23,862</b>

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	<u>3 Months ended</u>		<u>6 Months ended</u>	
		<u>30 Jun</u>		<u>30 Jun</u>	
		<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
		<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
<b>Total comprehensive income for the financial period attributable to:</b>					
Owners of the Company		11,361	10,896	21,365	21,480
Non-controlling interests		1,637	1,316	3,253	2,230
		<b>12,998</b>	<b>12,212</b>	<b>24,618</b>	<b>23,710</b>
<b>Basic and diluted earnings per share attributable to owners of the Company</b>					
(sen per share)	B10	0.58	0.55	1.08	1.07

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying significant events and transactions attached to these interim financial statements.

**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

<u>Note</u>	<u>Attributable to Owners of the Company</u>					<u>Non-controlling interests</u>	<u>Total Equity</u>
	<u>Share capital</u>	<u>Merger deficit</u>	<u>Currency translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As of 1 January 2023</b>	<b>438,354</b>	<b>(71,500)</b>	<b>(217)</b>	<b>420,755</b>	<b>787,392</b>	<b>260,459</b>	<b>1,047,851</b>
Profit for the financial period	-	-	-	21,861	21,861	3,253	25,114
<b>Other Comprehensive Income:</b>							
Currency translation differences	-	-	(496)	-	(496)	-	(496)
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>(496)</b>	<b>21,861</b>	<b>21,365</b>	<b>3,253</b>	<b>24,618</b>
<b>Transactions with Owners of the Company:</b>							
Dividends paid	A7	-	-	(66,522)	(66,522)	-	(66,522)
<b>Total transactions with Owners of the Company</b>		<b>-</b>	<b>-</b>	<b>(66,522)</b>	<b>(66,522)</b>	<b>-</b>	<b>(66,522)</b>
<b>As of 30 Jun 2023 (unaudited)</b>		<b>438,354</b>	<b>(71,500)</b>	<b>(713)</b>	<b>376,094</b>	<b>742,235</b>	<b>263,712</b>

**CONDENSED STATEMENTS OF CHANGES IN EQUITY**

<u>Note</u>	<u>Attributable to Owners of the Company</u>					<u>Non-controlling interests</u>	<u>Total Equity</u>
	<u>Share capital</u>	<u>Merger deficit</u>	<u>Currency translation reserve</u>	<u>Retained earnings</u>	<u>Total</u>		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As of 1 January 2022</b>	<b>438,354</b>	<b>(71,500)</b>	-	<b>537,949</b>	<b>904,803</b>	<b>252,646</b>	<b>1,157,449</b>
Profit for the financial period	-	-	-	21,632	21,632	2,230	23,862
<b>Other Comprehensive Income:</b>							
Currency translation differences	-	-	(152)	-	(152)	-	(152)
<b>Total comprehensive income for the financial period</b>	<b>-</b>	<b>-</b>	<b>(152)</b>	<b>21,632</b>	<b>21,480</b>	<b>2,230</b>	<b>23,710</b>
<b>Transactions with owners of the Company:</b>							
Dividends paid	-	-	-	(66,522)	(66,522)	-	(66,522)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	-	(2,450)	(2,450)
Non-controlling interest arising from business combination	-	-	-	-	-	(978)	(978)
Changes in ownership interests in subsidiaries	-	-	-	(38,187)	(38,187)	-	(38,187)
Reduction in non-controlling interest arising from increase in stake in subsidiaries	-	-	-	-	-	931	931
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(104,709)</b>	<b>(104,709)</b>	<b>(2,497)</b>	<b>(107,206)</b>
<b>As of 30 Jun 2022 (unaudited)</b>	<b>438,354</b>	<b>(71,500)</b>	<b>(152)</b>	<b>454,872</b>	<b>821,574</b>	<b>252,379</b>	<b>1,073,953</b>

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying significant events and transactions attached to these interim financial statements.



**CONDENSED STATEMENTS OF CASH FLOWS**

	<u>6 Months</u> <u>ended</u> <u>30 Jun 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>6 Months</u> <u>ended</u> <u>30 Jun 2022</u> <u>RM'000</u> <u>unaudited</u>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	34,292	34,807
Adjustments for:		
Non-cash items	24,718	17,869
Interest income	(966)	(1,151)
Finance costs	8,729	8,971
Operating Profit Before Working Capital Changes	66,773	60,496
Net decrease/(increase) in inventories, amount due from contract customers, trade and other receivables	3,281	(10,699)
Net increase/(decrease) in trade, other payables and deferred income	3,107	(1,013)
Cash Generated From Operations	73,161	48,784
Income tax paid	(9,144)	(11,855)
Income tax refunded	2,685	39
<b>Net Cash From Operating Activities</b>	<b>66,702</b>	<b>36,968</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Interest received	1,171	1,287
Property, plant and equipment:		
- Proceeds from disposal	13	116
- Purchases	(1,335)	(2,593)
Dividend received from a joint venture	3,375	-
Investments designated at FVTPL:		
- Purchase	(12,437)	(92,403)
- Proceeds from redemption	52,000	293,043
- Dividends received	1,336	-
Payment for acquisition of non-controlling interests	-	(37,256)
Net cash inflow from acquisition of subsidiaries	-	32,588
Withdrawals of deposits pledged as security	30,044	30,903
<b>Net Cash From Investing Activities</b>	<b>74,167</b>	<b>225,685</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Interest paid	(9,561)	(9,699)
Repayment of borrowings	(30,035)	(42,121)
Repayment of previous shareholder' loans owing by subsidiaries	-	(125,614)
Repayment of lease liabilities	(1,329)	(1,415)
Dividends paid ( <i>Note A7</i> )	(66,522)	(66,522)
Dividends paid by a subsidiary to non-controlling interests	-	(2,450)
<b>Net Cash Used In Financing Activities</b>	<b>(107,447)</b>	<b>(247,821)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>33,422</b>	<b>14,832</b>
Effect of Exchange Rate Changes	(501)	6
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>	<b>48,854</b>	<b>62,227</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD</b>	<b>81,775</b>	<b>77,065</b>

**CONDENSED STATEMENTS OF CASH FLOWS**

	<u>6 Months</u> <u>ended</u> <u>30 Jun 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>6 Months</u> <u>ended</u> <u>30 Jun 2022</u> <u>RM'000</u> <u>unaudited</u>
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	60,596	60,755
Cash and bank balances	38,657	33,861
Total deposits, cash and bank balances	99,253	94,616
Less: Deposits pledged as security	(17,478)	(17,551)
	<b><u>81,775</u></b>	<b><u>77,065</u></b>

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying significant events and transactions attached to these interim financial statements.

## **PART A – DISCLOSURES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING**

### **A1 – Basis of Preparation**

These interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board, Paragraph 9.22 of the Main Board Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and guidance communication notes issued by Bursa Securities.

These interim financial statements should be read in conjunction with the latest audited financial statements of the Company and its subsidiaries (“**Group**”) for the financial year ended 31 December 2022 (“**Audited Financial Statements**”). The selected explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

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

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

In the current financial period, the Group adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial years beginning on or after 1 January 2023.

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 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform-Pillar Two Model Rules

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

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

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

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements

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

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

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

<u>Foreign currency</u>	<u>30 Jun 2023</u> <u>RM</u>	<u>31 Mar 2023</u> <u>RM</u>	<u>30 Jun 2022</u>
1 US Dollar (USD)	4.67	4.42	4.41

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

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

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

There are no other items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter and financial period.

#### A4 – Disaggregation of Revenue

The disaggregation of revenue was as follows:

	<u>3 Months ended</u> <u>30 Jun</u>		<u>6 Months ended</u> <u>30 Jun</u>	
	<u>2023</u> <u>RM'000</u> <u>unaudited</u>	<u>2022</u> <u>RM'000</u> <u>unaudited</u>	<u>2023</u> <u>RM'000</u> <u>unaudited</u>	<u>2022</u> <u>RM'000</u> <u>unaudited</u>
<i>Revenue from contracts with customers:</i>				
Management, operations and maintenance of water treatment plant	52,135	46,181	104,156	91,404
Toll revenue and operator fee	18,280	17,642	36,620	34,577
Revenue from construction contracts	7,155	11,508	19,112	19,281
Management fees	1,061	1,250	2,311	2,500
Sales of electricity	6,809	5,446	13,225	5,446
	<u>85,440</u>	<u>82,027</u>	<u>175,424</u>	<u>153,208</u>
<i>Revenue from other sources:</i>				
Deferred income	3,588	3,706	7,136	7,371
Revenue as per Condensed Statement of Comprehensive Income	<u>89,028</u>	<u>85,733</u>	<u>182,560</u>	<u>160,579</u>
<i>Timing of revenue recognition for revenue from contracts with customers:</i>				
At a point in time	77,224	69,269	154,001	131,427
Over time	8,216	12,758	21,423	21,781
	<u>85,440</u>	<u>82,027</u>	<u>175,424</u>	<u>153,208</u>

#### A5 – Accounting Estimates

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

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

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

#### **A7 – Dividends Paid**

The total dividends paid to shareholders during the financial period amounted to RM66,522,000 (2022: RM66,522,000) as follows: -

- (a) On 16 February 2023, 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 2022 which was paid on 31 March 2023.
- (b) On 22 May 2023, the Board declared a first interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to RM33,261,000 in respect of the financial year ending 31 December 2023 which was paid on 30 June 2023.

#### **A8 – Material Subsequent Events**

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

#### **A9 - Contingent Liabilities**

There are no material contingent liabilities as at the end of the current financial period and up to 15 August 2023 (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 period, 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.

3 Months ended 30 Jun	Water		Waste management		Construction		Toll highway		Renewable energy		Others		Total		Reconciliation		Amount as per Statement of Comprehensive Income	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	52,135	46,181	85,407	82,512	7,155	11,508	15,882	15,769	6,810	5,446	1,061	1,250	168,450	162,666	(79,422)	(76,933)	89,028	85,733
EBITDA(i)	17,032	17,474	12,464	13,190	65	804	12,005	12,257	6,749	2,194	(1,923)	(1,064)	46,392	44,855	(7,005)	(8,164)	39,387	36,691
Depreciation and amortisation	(91)	(78)	(1,674)	(1,176)	(5)	(131)	(6,183)	(5,943)	(2,881)	(152)	(781)	(895)	(11,615)	(8,375)	(482)	(2,484)	(12,097)	(10,859)
Operating profit	16,941	17,396	10,790	12,014	60	673	5,822	6,314	3,868	2,042	(2,704)	(1,959)	34,777	36,480	(7,487)	(10,648)	27,290	25,832
Finance costs	-	-	(7,485)	(7,110)	-	-	(2,380)	(2,704)	(131)	(94)	(341)	(167)	(10,337)	(10,074)	6,013	5,604	(4,324)	(4,470)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	243	517	243	517
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,577)	(4,113)	(4,577)	(4,113)
Profit before tax	16,941	17,396	3,305	4,904	60	673	3,442	3,610	3,737	1,948	(3,045)	(2,126)	24,440	26,406	(5,808)	(8,640)	18,632	17,766
Income tax expense	(3,557)	(3,768)	(5,291)	(7,038)	-	-	(1,135)	(1,411)	97	(18)	(499)	-	(10,385)	(12,237)	5,192	6,835	(5,193)	(5,402)
<b>Profit for the financial year</b>	<b>13,384</b>	<b>13,628</b>	<b>(1,986)</b>	<b>(2,134)</b>	<b>60</b>	<b>673</b>	<b>2,307</b>	<b>2,199</b>	<b>3,834</b>	<b>1,930</b>	<b>(3,544)</b>	<b>(2,126)</b>	<b>14,055</b>	<b>14,169</b>	<b>(616)</b>	<b>(1,805)</b>	<b>13,439</b>	<b>12,364</b>
EBDA(ii)	13,475	13,706	(312)	(958)	65	804	8,490	8,142	6,715	2,082	(2,763)	(1,231)	25,670	22,544	(134)	679	25,536	23,223
Capex(iii)	42	82	2,204	1,285	13	1,306	157	64	35	101	221	5	2,672	2,843	-	-	-	-

## A12 - Operating Segments (continued)

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

6 Months ended 30 Jun	Water		Waste management		Construction		Toll highway		Renewable energy		Others		Total		Reconciliation		Amount as per Statement of Comprehensive Income	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	104,156	91,404	169,817	164,399	19,112	19,281	31,804	30,908	13,225	5,446	2,311	2,500	340,425	313,938	(157,865)	(153,359)	182,560	160,579
EBITDA(i)	32,224	33,226	24,018	27,655	319	908	24,265	24,021	12,228	2,194	(3,956)	(1,376)	89,098	86,628	(13,457)	(18,025)	75,641	68,603
Depreciation and amortisation	(181)	(157)	(3,225)	(2,523)	(11)	(192)	(12,269)	(11,507)	(5,745)	(152)	(1,554)	(1,791)	(22,985)	(16,322)	(1,042)	(3,042)	(24,027)	(19,364)
Operating profit	32,043	33,069	20,793	25,132	308	716	11,996	12,514	6,483	2,042	(5,510)	(3,167)	66,113	70,306	(14,499)	(21,067)	51,614	49,239
Finance costs	-	-	(14,634)	(14,193)	-	-	(4,823)	(5,491)	(261)	(94)	(683)	(334)	(20,401)	(20,111)	11,672	11,140	(8,729)	(8,971)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	739	1,064	739	1,064
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,332)	(6,525)	(9,332)	(6,525)
Profit before tax	32,043	33,069	6,159	10,939	308	716	7,173	7,023	6,222	1,948	(6,193)	(3,501)	45,712	50,195	(11,420)	(15,388)	34,292	34,807
Income tax expense	(7,015)	(7,311)	(10,464)	(13,691)	-	-	(2,329)	(2,967)	194	(18)	113	-	(19,501)	(23,989)	10,323	13,044	(9,178)	(10,945)
Profit for the financial year	25,028	25,758	(4,305)	(2,752)	308	716	4,844	4,056	6,416	1,930	(6,080)	(3,501)	26,211	26,206	(1,097)	(2,344)	25,114	23,862
EBDA(ii)	25,209	25,915	(1,080)	(229)	319	908	17,113	15,563	12,161	2,082	(4,526)	(1,710)	49,196	42,528	(55)	698	49,141	43,226
Capex(iii)	111	123	11,304	2,722	103	2,311	323	111	428	101	276	21	12,545	5,389	-	-	-	-

## A12 - Operating Segments (continued)

- (i) EBITDA is defined as earnings before finance costs, taxation, depreciation and amortisation (and excludes share of results of associates and joint venture).  
(ii) EBDA is defined as earnings before depreciation and amortisation.  
(iii) CAPEX is defined as capital expenditure based on the Group's proportionate share on capital expenditure incurred for the financial period.

### Notes

- The Group monitors the performance of its business by five main business segments namely water treatment and supply, construction, toll highway, waste management and renewable energy. Others refer to investment holding and other non-core businesses.*
- 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 segment excluded the fair value measurement adjustments made at the Group level. This is to better assess the operational performance of the segment. The segmental results (including the calculation of EBITDA and EBDA), are solely from the concession business, after the proportionate deduction of dividends on cumulative preferences shares held by parties other than the Group.*

As at 30 Jun unaudited	<u>Water treatment and supply</u>		<u>Waste management</u>		<u>Construction</u>		<u>Toll highway</u>		<u>Renewable energy</u>		<u>Others</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Segment assets	113,957	126,299	106,274	133,560	75,450	44,036	1,240,131	1,262,572	176,068	138,810	83,730	141,226	1,795,610	1,846,503
Segment liabilities	(26,429)	(23,764)	-	-	(62,659)	(36,730)	(631,815)	(679,866)	(39,398)	(23,194)	(29,362)	(8,996)	(789,663)	(772,550)
Net segment assets	<b>87,528</b>	<b>102,535</b>	<b>106,274</b>	<b>133,560</b>	<b>12,791</b>	<b>7,306</b>	<b>608,316</b>	<b>582,706</b>	<b>136,670</b>	<b>115,616</b>	<b>54,368</b>	<b>132,230</b>	<b>1,005,947</b>	<b>1,073,953</b>



**PART B – DISCLOSURES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 – Overall Review of Group’s Financial Performance**

**Part A – Review of Statement of Financial Position**

	As at 30 Jun 2023 (unaudited) RM’000	As at 31 Dec 2022 (audited) RM’000	Variance (%) #
Total assets	1,795,610	1,854,310	↓ 3
Total liabilities	789,663	806,459	↓ 2
Total shareholders’ equity	1,005,947	1,047,851	↓ 4
Return on equity (%)*	2.5	6.0	↓ 58
Net assets per share (sen)	36.82	39.06	↓ 6

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

# *approximate, to the nearest digit*

(a) The Group’s total assets declined by 3% or approximately RM58.70 million as compared to the Audited Financial Statements mainly due to a reduction in the following carrying amounts: -

- (i) investments designated at FVTPL, cash and bank balances of approximately RM36.24 million. The decrease in the cash reserves of the Group was principally due to dividend payments to shareholders, repayments of the Islamic Medium-Term Notes (“**IMTN**”) under a **IMTN** (Sukuk) Programme issued by Cerah Sama Sdn Bhd (“**Cerah Sama**”) and interest payments during the financial period, which were then mitigated by receipt of toll compensation by Grand Saga Sdn Bhd (“**Grand Saga**”) in the previous quarter;
- (ii) intangible assets by approximately RM15.86 million due to amortisation charges; and
- (iii) investments in associates by approximately RM9.33 million due to share of losses of certain associates during the financial period.

Nevertheless, the decrease in total assets was mitigated by the increase in Inventories by RM20.61 million, mainly from recognition of costs of materials purchased and delivered on-site but yet to be installed or consumed in the Group’s construction activities.

- (b) Total liabilities declined by 2% or approximately RM16.80 million mainly due to reduction of borrowings from the redemption of the third tranche of the **IMTN** of RM30.00 million and lower other payables and accrual of RM11.69 million. However, the reduction was mitigated by the increase in trade payables and amount due to contract customers by RM8.76 million and RM20.88 million respectively.
- (c) Total shareholders’ equity was lower by 4% or about RM41.90 million on account of total dividends paid of 3.30 sen per share to shareholders of the Company exceeding the **EPS** for the financial period of 1.08 sen per share. Correspondingly, the net assets per share declined to 36.82 sen compared to 39.06 sen as of 31 December 2022.

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

### Part B – Review of Income Statement

The breakdown of the revenue by business segment below should be read in conjunction with Note A4 – Disaggregation of Revenue above.

	<u>3 Months</u> <u>ended</u> <u>30 Jun 2023</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>30 Jun 2022</u> <u>RM’000</u> <u>unaudited</u>	<u>6 Months</u> <u>ended</u> <u>30 Jun 2023</u> <u>RM’000</u> <u>unaudited</u>	<u>6 Months</u> <u>ended</u> <u>30 Jun 2022</u> <u>RM’000</u> <u>unaudited</u>
<i>Revenue</i>				
Water treatment and supply	52,135	46,181	104,156	91,404
Construction	7,155	11,508	19,112	19,281
Toll highway	21,868	21,348	43,756	41,948
Renewable energy	6,809	5,446	13,225	5,446
Others	1,061	1,250	2,311	2,500
<b>Revenue as per Condensed Statement of Comprehensive Income</b>	<b>89,028</b>	<b>85,733</b>	<b>182,560</b>	<b>160,579</b>
<i>Profit Before Tax</i>				
	<u>3 Months</u> <u>ended</u> <u>30 Jun 2023</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>30 Jun 2022</u> <u>RM’000</u> <u>unaudited</u>	<u>6 Months</u> <u>ended</u> <u>30 Jun 2023</u> <u>RM’000</u> <u>unaudited</u>	<u>6 Months</u> <u>ended</u> <u>30 Jun 2022</u> <u>RM’000</u> <u>unaudited</u>
Water treatment and supply	16,943	15,955	32,045	31,628
Construction	52	678	291	716
Toll highway	9,132	9,122	18,305	18,025
Renewable energy	3,868	2,041	6,483	2,041
Others	(2,705)	(1,964)	(5,510)	(3,171)
<b>Operating profit</b>	<b>27,290</b>	<b>25,832</b>	<b>51,614</b>	<b>49,239</b>
Finance cost	(4,324)	(4,470)	(8,729)	(8,971)
Share of results of joint venture	243	517	739	1,064
Share of results of associates	(4,577)	(4,113)	(9,332)	(6,525)
<b>Profit before tax for the financial period</b>	<b>18,632</b>	<b>17,766</b>	<b>34,292</b>	<b>34,807</b>

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

##### Overall Summary

For the current quarter, the Group reported a revenue of RM89.03 million, an increase of RM3.30 million from the corresponding quarter. This increase was due to higher contribution by all operating subsidiaries, except from the construction segment. SSP1 operations, the sole-source of revenue for the water treatment and supply segment, recorded higher revenue contribution due to higher electricity rebates during the current quarter. The higher electricity rebates arose from higher electricity cost due to an increase in TNB’s ICPT surcharge effective 1 January 2023. The effect of the BWSR Increase was minimal given that the segment’s metered sales were comparatively lower than 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)

Revenue increased in the toll highway segment in tandem with the higher ADT, while the higher sales of electricity in the renewable energy segment resulted from higher energy output in the current quarter. In contrast, the decrease in the revenue from construction segment was mainly attributed to an over-recognition of contribution from Packages 2 and 3 of Phase 1 of the Sungai Rasau Water Treatment Plant and Water Supply Scheme (“**Rasau Projects**”) in the corresponding quarter, which was subsequently rectified in the fourth quarter of 2022.

In line with higher revenue, the Group reported a higher PBT of RM18.63 million, compared to RM17.77 million in the corresponding quarter. The increase in PBT was attributable mainly to the following: -

- (a) one-off gain from the disposal of investment property amounting to RM1.81 million (Q2FY22: RM Nil) in the current quarter. This asset has previously been classified as assets held-for-sale as further disclosed in Note B12;
- (b) higher net fair value gain of RM0.20 million in the current quarter as compared to fair value loss of RM0.92 million in the corresponding quarter, resulting from mark-to-market valuation of the Group’s investments designated at FVTPL as disclosed in Note B4; and
- (c) higher net foreign exchange gain of RM0.47 million as compared to RM0.23 million in the corresponding quarter, which attributed to currency fluctuations in the renewable energy segment.

However, the increase in PBT was impacted by lower net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL of RM1.10 million as compared to RM2.31 million in the corresponding quarter, higher share of losses from an associate, SWM Environment Holdings Sdn Bhd (“**SWMEH**”) of RM5.03 million (Q2FY22: RM4.49 million), as well as higher amortisation of intangible assets in the toll highway segment of RM8.00 million (Q2FY22: RM7.61 million).

#### Water treatment and supply

The operating revenue for the water treatment and supply segment comprised of metered sales of RM37.15 million (Q2FY22: RM37.09 million) and electricity and chemical rebates of RM14.98 million (Q2FY22: RM9.09 million) respectively. Metered sales in the SSP1 were not materially different as compared to the corresponding quarter despite the BWSR Increase, due to lower metered sales in the current quarter. The segment’s operating revenue recorded an increase from RM46.18 million to RM52.14 million principally due to the higher electricity rebates of RM13.52 million (Q2FY22: RM7.53 million). However, the increase in the electricity rebate has no impact to the SSP1 operations as it is a pass-through mechanism by which the increase in the electricity cost incurred is then passed on to Air Selangor in the form of electricity rebate.

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

<b>SSP1</b>	<b>Q2 - 2023</b>	<b>Q2 - 2022</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	88.5	90.5	↓ 2.2
Number of billing days	91	91	
Average MLD	972	994	↓ 2.2

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

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

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

The segment’s operating profit increased from RM15.96 million in the corresponding quarter to RM16.94 million in the current quarter due to the impact from the BWSR Increase, a gain on disposal of investment property, amounting RM1.81 million (Q2FY22: RM Nil), as well as higher net returns from interest income, dividends and net gain on redemption from investments designated at FVTPL of RM0.25 million (Q2FY22: RM0.12 million). However, the higher operating profit was offset by increased operating costs, amongst others, RM4.16 million in maintenance and rehabilitation expenditure (Q2FY22: RM3.28 million).

#### Renewable energy

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

	Q2 – 2023	Q2 – 2022	Variance (%)
Total energy output (MWh)	5,735	4,370	↑ 31.2

Revenue contributed by renewable energy segment is higher due to higher total energy output from the four (4) solar plants in the current quarter as compared to the corresponding quarter. The main contributor to the higher energy output was the replacement of the panels at the TR SaTerm Sdn Bhd’s solar facility in the fourth quarter of 2022.

In line with higher revenue, the segment’s operating profit also higher at RM3.87 million as compared to RM2.04 million in the corresponding quarter attributable to lower upkeep and maintenance expenses of RM0.45 million (Q2FY22: RM2.02 million) and higher net foreign exchange gain of RM0.46 million in the current quarter (Q2FY22: RM0.23 million). However, the higher operating profit was offset by increased depreciation expenses of RM2.67 million in the current quarter (Q2FY22: RM1.73 million).

#### Construction

The construction revenue for the current quarter recorded a decline by RM4.35 million mainly due to an over-recognition of revenue for the Rasau Projects in the corresponding quarter. To a lesser extent, the contribution from the Proposed Construction and Completion of 76ML RC Reservoir R4 and Related Ancillary Works at Cyberjaya Flagship Zone, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan (“**CRJ4 Project**”) decreased slightly when compared to the corresponding quarter as the project was nearing completion.

Despite an upward revision in construction margin for the Rasau Project-Package 3, the segment recorded a lower operating profit of RM0.05 million as compared to RM0.68 million in the corresponding quarter in line with lower revenue, coupled with higher operating expenses, amongst others, from loss allowance on trade receivables.

## 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)

##### Toll highway – Subsidiary

ADT	Q2 – 2023	Q2 – 2022	Variance (%)
Grand Saga Highway	156,588	147,992	↑ 5.8

Revenue contribution from Grand Saga was higher by RM0.52 million, driven by a 5.8% increase in ADT after the opening of the Sungai Besi-Ulu Kelang Elevated (“**SUKE**”) Expressway in September 2022. However, despite the increase in revenue, the segment’s operating profit remained almost unchanged compared to the corresponding quarter, primarily due to the higher amortisation of intangible assets of RM8.00 million (Q2FY22: RM7.61 million).

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

ADT	Q2 – 2023	Q2 – 2022	Variance (%)
Grand Sepadu Highway	88,154	88,451	↓ 0.3

The ADT on the Grand Sepadu Highway recorded a slight decrease by 0.3%, due to more public holidays and long weekends in the current quarter compared to a year ago. The financial performance of Grand Sepadu was also impacted by higher operating costs in the current quarter, amongst others, higher repair and maintenance expenses of RM1.22 million (Q2FY22: RM0.62 million). However, this was mitigated by lower finance costs of RM1.11 million (Q2FY22: RM1.49 million) due to reduction in the principal amount of the Sukuk Murabahah from RM90.00 million in the corresponding quarter to RM60.00 million in the current quarter.

##### Waste management - Associate

The Group’s share of results of associates is mainly contributed by SWMEH. The Group’s share of losses from SWMEH was higher at RM5.03 million as compared to RM4.49 million in the corresponding quarter due to higher adjustments made by the Group of RM61.46 million (Q2FY22: RM59.51 million) to SWMEH’s PAT.

At SWMEH’s company level, the revenue from both solid waste collection and public cleansing services was higher by 3.5% in the current quarter mainly attributable to handing over of new areas as well as resumption of cleansing activities at certain areas upon transition to the endemic phase of the Covid-19 pandemic on 1 April 2022. However, despite the commendable increase in revenue, the company's PAT recorded only a slight upturn, reaching RM47.10 million compared to RM46.68 million achieved in the corresponding quarter. These were impacted by several factors, including higher expenses such as provision for loss allowance on receivables, payroll related costs as a result of higher headcount and an upward revision in the minimum wages with effect from 1 May 2022, depreciation expenses and finance costs. Nevertheless, these effects were partially mitigated by lower subcontractor costs and taxes during the current quarter.

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

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

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

##### Overall Summary

The Group achieved a significant increase in revenue by RM21.98 million to RM182.56 million, as compared to RM160.58 million in the preceding financial period. This notable growth was primarily attributable to higher contribution from all operating subsidiaries except for the construction segment, which showed a marginal decrease.

Despite the significant increase in revenue, PBT remained comparatively the same for both the periods. The PBT was impacted by: -

- (a) a higher share of losses from associates and a lower share of joint venture’s profits;
- (b) higher amortisation of intangible asset from the toll highway segment of RM15.86 million (YTD Q2FY22: RM14.73 million) in the current financial period; and
- (c) lower net returns of RM2.37 million (YTD Q2FY22: RM3.28 million) from interest income, dividend and net gain on redemption from investments designated at FVTPL.

Nevertheless, the abovementioned were mitigated by a gain on disposal of investment property, higher net foreign exchange and fair value gains in the financial period.

##### Water treatment and supply

At the operating level, the water treatment and supply segment recorded a revenue of RM104.16 million, surpassing RM91.40 million recorded a year ago due to the impact from the BWSR Increase and higher electricity rebates in the SSP1 operations.

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

<b>SSP1</b>	<b>YTD Jun 2023</b>	<b>YTD Jun 2022</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	176.6	180.4	↓ 2.1
Number of billing days	181	181	
Average MLD	976	997	↓ 2.1

Corresponding with higher revenue, the segment’s operating profit was marginally higher at RM32.05 million compared to RM31.63 million a year ago. The higher operating profit was also attributed to gain on disposal of investment property, as well as higher net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL of RM0.69 million (YTD Q2FY22: RM0.35 million) in the current financial period. However, the higher operating profit was impacted by higher rehabilitation and maintenance expenses in the current financial period of RM8.44 million (YTD Q2FY22: RM6.60 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)

##### Renewable energy

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

	YTD Jun 2023	YTD Jun 2022	Variance (%)
Total energy output (MWh)	11,117	7,638	↑ 45.5

Revenue contribution from renewable energy segment showed a significant increase by RM7.78 million, primarily attributable to segment’s contribution for a period of six (6) months in the current financial period compared to approximately three (3) months in the corresponding period as the acquisition of the solar renewable energy project was only completed in April 2022. Apart from that, higher revenue was also linked to completion of replacement of the panels at the TR SaTerm Sdn Bhd’s solar facility in the fourth quarter of 2022, which led to the increase in total energy output by 45.5%.

In line with higher revenue, the segment’s operating profit also higher at RM6.48 million compared to RM2.04 million due to approximately 3 months contribution in the corresponding period, as explained above.

##### Construction

The segment recorded a marginal decrease in revenue as compared to the corresponding financial period. The primary source of the segment’s revenue came from Rasau Projects and CRJ4 Project, which contributed about RM15.87 million (YTD Q2FY22: RM15.01 million) and RM3.24 million (YTD Q2FY22: RM4.25 million), respectively. Despite an upward revision in construction margin for the Rasau Project-Package 3, the segment recorded a lower operating profit of RM0.29 million as compared to RM0.72 million in the corresponding period in line with the lower revenue.

##### Toll operations - Subsidiary

ADT	YTD Jun 2023	YTD Jun 2022	Variance (%)
Grand Saga Highway	156,110	143,988	↑ 8.4

Revenue contribution from the Grand Saga Highway increased to RM43.76 million from RM41.95 million in the preceding year due to the increase in ADT by 8.4% as compared to corresponding period. The increase in ADT can be directly linked to the opening of the SUKE Expressway in September 2022. Despite of the increase in revenue, operating profit did not vary significantly when compared to the corresponding period due to higher amortisation of intangible asset during the financial period of RM15.86 million (YTD Q2FY22: RM14.73 million).

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

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

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

Toll operations - Share of results of joint venture

<b>ADT</b>	<b>YTD Jun 2023</b>	<b>YTD Jun 2022</b>	<b>Variance (%)</b>
Grand Sepadu Highway	88,070	85,586	↑ 2.9

The Group’s share of results in Grand Sepadu was lower as compared to the corresponding period despite a 2.9% increase in ADT due to higher amortisation of intangible assets as well as repair and maintenance expenses during the financial period.

Waste management - Share of results of associate

The Group’s share of losses from SWMEH was RM10.26 million compared to RM7.34 million in the corresponding period due to lower PAT recorded in SWMEH and higher adjustments made by the Group of RM122.55 million (YTD Q2FY22: RM118.64 million) to SWMEH’s PAT. The PAT of SWMEH is lower at RM93.25 million as compared to RM97.68 million due to higher expenses, amongst others, payroll related costs, provision for loss allowance on receivables, and finance costs. Despite the lower PAT in SWMEH, the impact on losses was partially mitigated by lower sub-contractor costs, taxes and higher other income.

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

Revenue

	<u>3 Months ended 30 Jun 2023 RM’000 unaudited</u>	<u>3 Months ended 31 Mar 2023 RM’000 unaudited</u>
Water treatment and supply	52,135	52,021
Construction	7,155	11,957
Toll highway	21,868	21,888
Renewable energy	6,809	6,416
Others	1,061	1,250
<b>Total revenue as per Condensed Statement of Comprehensive Income</b>	<b>89,028</b>	<b>93,532</b>

Profit Before Tax

Water treatment and supply	16,943	15,102
Construction	52	239
Toll highway	9,132	9,173
Renewable energy	3,868	2,615
Others	(2,705)	(2,805)
<b>Operating profit</b>	<b>27,290</b>	<b>24,324</b>
Finance cost	(4,324)	(4,405)
Share of results of joint venture	243	496
Share of results of associates	(4,577)	(4,755)
<b>Profit before tax for the financial period</b>	<b>18,632</b>	<b>15,660</b>



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

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

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

In the current quarter, the Group recorded a decrease in revenue by RM4.50 million, declining from RM93.53 million to RM89.03 million. This decline was primarily attributable to lower contribution from the construction segment. Conversely, the revenue in the other operating subsidiaries for both the quarters were almost the same.

Despite the lower revenue, the Group’s PBT increased to RM18.63 million, up from RM15.66 million in the preceding quarter, primarily due to a gain on disposal of investment property, higher gain on foreign exchange and sundry income recognised in the renewable energy segment in the current quarter. Included in the sundry income are, amongst others, receipts of insurance claims made by TR Cpark Sdn Bhd.

For the water treatment and supply segment, the operating revenue did not vary materially from the preceding quarter. The following are the metered sales and the average MLD of metered sales recorded in the SSP1 operations: -

SSP1	Q2 – 2023	Q1 – 2023	Variance (%)
Metered Sales (million m <sup>3</sup> )	88.45	88.12	↑ 0.4%
Number of billing days	91	90	
Average MLD	972	979	↓ 0.7%

The segment’s operating profit recorded a significant increase by RM1.84 million due to the gain on disposal of investment property recognised in the current quarter.

The construction segment’s revenue was significantly lower as compared to preceding quarter due to adjustment of over-recognition of revenue and costs for the Rasau Projects in the current quarter. Despite an upward revision of construction margin for the Rasau Project- Package 3, the operating profit recorded a decrease of RM0.19 million in line with a reduction in the revenue.

The revenue contribution from the renewable energy segment recorded a marginal increase when compared to the preceding quarter, attributable to higher total energy output from the four (4) solar plants as compared to the previous quarter. The segment’s operating profit was higher in the current quarter in line with the increase in revenue, coupled with higher sundry income of RM0.91 million (Q1FY23: RM0.13 million) as well as net gain on foreign exchange of RM0.46 million (Q1FY23: RM0.05 million).

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

	Q2 - 2023	Q1 - 2023	Variance (%)
Total energy output (MWh)	5,735	5,381	↑ 6.6

As there were no significant variation in the ADT, the revenue contribution and profitability in Grand Saga remained relatively unchanged compared to the preceding quarter.

As for Grand Sepadu, the company recorded almost similar ADT. Nonetheless, the Group's share of results in Grand Sepadu was marginally lower at RM0.24 million (Q1FY23: RM0.50 million) attributed to higher repair and maintenance expenses amounting to RM1.22 million (Q1FY23: RM0.45 million).

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

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

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

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

ADT	Q2 - 2023	Q1 - 2023	Variance (%)
Grand Saga Highway	156,588	155,627	↑ 0.6
Grand Sepadu Highway	88,154	87,984	↑ 0.2

The Group’s share of losses of SWMEH at RM5.03 million, was a slight improvement as compared to RM5.23 million in the preceding quarter due to higher PAT recorded in SWMEH. At SWMEH’s company level, the revenue from both solid waste collection and public cleansing services was higher mainly attributable to handing over of new areas as well as increase in cleansing activities at flood-affected and Ramadhan Bazaars areas during the current quarter. However, the increase in revenue was offset by increased depreciation expenses and finance costs, resulting in a marginally higher PAT at RM47.10 million as compared to RM46.15 million in the preceding quarter.

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

	<u>6 Months ended</u> <u>30 Jun 2023</u> <u>RM’000</u> <u>unaudited</u>	<u>6 Months ended</u> <u>30 Jun 2022</u> <u>RM’000</u> <u>unaudited</u>	Variance (%)
Net cash from operating activities	66,702	36,968	↑ 80
Net cash from investing activities	74,167	225,685	↓ 67
Net cash used in financing activities	(107,447)	(247,821)	↓ 57

Net cash from operating activities was higher by RM29.73 million primarily attributable to the receipt of toll compensation of RM11.25 million by Grand Saga during the financial period, prompt payments from trade receivables and contract customers, as well as lower payments to trade and other payables as compared to the corresponding period. Additionally, a tax refund was received by a subsidiary amounting to RM2.68 million during the financial period, further contributing to the increase in net cash from operating activities.

Net cash from investing activities was lower by RM151.52 million primarily due to the lower net proceeds from redemption of investments designated at FVTPL as compared to corresponding period. However, the decrease in net cash from investing activities was mitigated by dividend received from a joint venture, Grand Sepadu in the current financial period. It should be noted that the acquisition of subsidiaries and non-controlling interest in the corresponding period had an impact on the net cash from investing activities in that period.

Net cash outflow from financing activities was lower by RM140.37 million mainly due to repayment of previous shareholder’s loans and external borrowing owing by subsidiaries arising from the acquisition of solar power projects in the corresponding period. In addition, the reduction was contributed by higher loan repayment in the corresponding period.

## **B2 – Prospects**

The profitability of the Group is largely driven by the strong performance of the water treatment and supply; and the toll highway segments as they contribute the bulk of the profits and cash flows to the Group. Looking ahead, demand for treated raw water is expected to remain robust whilst the toll highway segment continue to witness improvements in the traffic volume with the increased in economic activities. The Group is also expected to see significant contribution from the construction segment from the on-going Rasau Projects as the projects progress in the coming quarters. The addition of the solar renewable business in the previous year is a testament of the Group's continuous efforts to expand and diversify its business portfolio to reduce reliance on the existing core businesses. The renewable energy business is anticipated to provide sustainable earnings and steady cash flow streams to the Group.

The prompt payments received by the water treatment and supply segment from Air Selangor, along with receipt of toll collections, help to maintain a stable cash flow to facilitate the payment of dividends to the Company, which enables the Company to declare dividends to its shareholders. The Group will assess its financial position from time to time, to ensure that there is sufficient cash reserves to fulfil its operating and capital expenditure requirements, banking and Sukuk covenants as well as for potential business opportunities.

For the toll highway segment, revenue from toll collections has improved, in line with higher ADT as the country remove all movement restrictions. There has been a considerable improvement in economic activities given that all business sectors were permitted to operate. Both the Grand Saga and Grand Sepadu Highways achieved ADT levels that exceeded the ADT levels prior to the onset of the pandemic and the growth in the number of traffic traversing the highways, especially at the Grand Saga Highway, being a mature inter-urban highway, is expected to see gradual but moderate improvements with the opening of the SUKE Expressway in September 2022. On the other hand, the growth in ADT at the Grand Sepadu Highway was at a much slower pace, mainly due to the drop in the amount of traffic at the Bukit Raja toll plaza with the opening of Persiaran Astana at Meru towards Setia Alam. Nonetheless, the traffic volume is anticipated to gradually pick up over the medium term with proposals being made to improve accessibility to the highway.

For the construction segment, the Group recognised revenue and profit contribution from the Rasau Projects since the beginning of 2022. Presently, the actual progress is relatively behind schedule due to delays in securing the requisite approvals from the authorities, hampering commencement of physical works. The Group expects to secure the necessary approvals in 2023 and as such the bulk of the revenue and profit recognition is expected to be pushed to 2024 and 2025. The Group has made relevant Extension of Time applications in view of the delay which is beyond the control of the Group, and it has been granted approval to complete by 19 December 2025 for the Rasau Project-Package 3. Being significant in size, the Group regularly reviews the costs and opportunities to enhance the profit margin of the Rasau Projects either through competitive tendering of products and services in the procurement process, active monitoring of market prices of major raw materials to lock in the costs of major materials and equipment that are highly susceptible to price and currency fluctuations to minimise the exposure of these risks. The successful completion of the Rasau Projects remains as one of the top priorities of the Group and every effort is made towards achieving this goal.

For the waste management segment, SWMEH registered higher revenue from both solid waste collection and public cleansing services mainly from increasing areas to be serviced as well as resumption of cleansing activities at certain areas upon transition to the endemic phase of the Covid-19. Delays in securing a tariff revision, increases in the operating expenditure including minimum wage increases from 1 May 2022 and loss allowance on trade receivables are factors that impact profitability. Currently, there are on-going discussions between SWMEH and the Ministry of Local Government Development for a second cycle tariff review under the terms of its concession agreement. On-going discussions are held regularly to resolve this long-drawn issue. In the meantime, SWMEH continues to provide its services and comply with the required service level as stipulated in the concession agreement.

## B2 – Prospects (continued)

As for the renewable energy segment, there have been notable improvements in the financial results since beginning of the year. These improvements can be attributed to the successful completion of the solar panel replacement at the TR SaTerm's solar facility in the fourth quarter of 2022 and the receipt of an insurance claim by TR Cpark Sdn Bhd in the current quarter. The replacement of solar panels has resulted in enhanced panel efficiency, which has positively contributed to the Group's financial performance. The Group anticipates that this improved panel efficiency will continue to have a beneficial impact on its financial performance in the years ahead.

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

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

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

## B4 – Profit before tax

	3 Months ended 30 Jun		6 Months ended 30 Jun	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
<i>Other operating income:</i>				
Interest income on fixed deposits with licensed banks	501	745	966	1,151
Dividend from investments designated at FVTPL	596	498	1,336	806
Rental income	65	106	163	225
Gain on redemption of investments designated at FVTPL	8	1,164	69	1,430
Gain on foreign exchange (realised)	-	-	1	-
Gain on foreign exchange (unrealised)	759	240	840	244
Fair value changes	203	(879)	370	156
Reversal of loss allowance on trade and other receivables and amount due from contract customers	-	-	-	2
Gain on disposal of property, plant and equipment and sundry income	1,194	1,170	1,494	1,494
Gain on disposal of investment property ( <i>Note B12</i> )	1,806	-	1,806	-
<i>Cost of operations, administrative and other expenses:</i>				
Depreciation and amortisation	(12,098)	(10,859)	(24,027)	(19,364)
Imputed interest on borrowing	(77)	(91)	(153)	(182)
Loss on redemption of investments designated at FVTPL	-	(94)	-	(101)
Loss on fair value changes	-	(43)	-	(48)
Loss allowance on trade and other receivables and amount due from contract customers	(96)	(25)	(96)	(25)
Loss on foreign exchange (unrealised)	(294)	(5)	(326)	(5)
Loss on foreign exchange (realised)	-	(11)	(1)	(11)
Reversal of interest income imputed on retention sum	36	21	(34)	(30)

Save as disclosed above, the other items required under Chapter 9, Appendix 9B, Part A (16) of the Listing Requirements of Bursa Securities are not applicable.

## B5 – Income Tax Expense

The income tax expense is in respect of the estimated Malaysian income tax charges and deferred tax expenses. The effective tax rate of the Group varied from the statutory tax rate principally due to non-deductibility of certain expenses and/or non-taxability of certain income, as the case maybe, tax effect of share of profits/loss of joint venture and associates and losses incurred by certain subsidiaries which were not available to be set-off against taxable profits in other companies within the Group.

	<u>3 Months ended 30 Jun</u>		<u>6 Months ended 30 Jun</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
Malaysian income tax	7,581	7,610	14,626	14,862
Deferred tax expense	(2,388)	(2,208)	(5,448)	(3,917)
Total income tax expense	<u>5,193</u>	<u>5,402</u>	<u>9,178</u>	<u>10,945</u>
Effective tax rate	27.9%	30.4%	26.8%	31.4%

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

There was no corporate proposal announced but not completed as of 15 August 2023, being a date not earlier than 7 days from the date of these interim financial statements.

## B7 – Group Borrowings and Debt Securities

Included in the borrowings of the Group are borrowings denominated in Ringgit Malaysia as follows: -

	<u>Long term</u>	<u>Short term</u>	<u>Total</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>30 Jun 2023 (unaudited)</u>			
Secured			
- IMTN	<u>269,060</u>	<u>30,000</u>	<u>299,060</u>
<u>30 Jun 2022 (unaudited)</u>			
Secured			
- IMTN	<u>298,722</u>	<u>30,000</u>	<u>328,722</u>

The RM420 million in nominal value IMTN Programme issued by Cerah Sama is repayable over eleven (11) annual instalments commencing 2020. During the financial period, the fourth tranche of the IMTN amounting to RM30 million in nominal value was redeemed in full at maturity in January 2023. As at the end of the financial period, the remaining balance of the IMTN tranches is RM300 million, which are repayable between 2024 and 2030.

## B8 – Changes in Material Litigations

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

## B9 – Dividends

The Board is pleased to declare a second interim single-tier dividend of 1.65 sen per share on 2,015,817,574 shares amounting to RM33,261,000, in respect of the financial year ending 31 December 2023, to be payable on 29 September 2023.

For the dividend year-to-date for the financial year ending 31 December 2023, the Board has declared a total single-tier dividend of 3.30 sen to shareholders amounting to RM66,522,000 (2022: 3.30 sen per share amounting to RM66,522,000).

## B10 – Earnings Per Share (“EPS”)

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

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

	<u>3 Months ended 30 Jun</u>		<u>6 Months ended 30 Jun</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>	<u>unaudited</u>
Profit for the financial period attributable to owners of the Company (RM'000)	11,802	11,048	21,861	21,632
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>0.58</u>	<u>0.55</u>	<u>1.08</u>	<u>1.07</u>

## B11 – Auditors’ Reports

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

## B12 – Assets Held-for-Sale

On 22 June 2022, the Group executed the Sales and Purchase Agreement with a third-party buyer for the disposal of a parcel of land and building located in Kuah, Langkawi for a cash consideration of RM2.5 million. These properties were classified as assets held-for-sale. This transaction has been completed in the current quarter, and the Group recognised a gain on disposal of RM1.81 million as disclosed in Note B4.

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

As at the end of the financial period, included in the investment designated at FVTPL, deposits, bank and cash balances totalling RM180.87 million are approximately: -

- (a) RM8.93 million held as securities for banking facilities secured by the Group.
- (b) RM33.26 million is allocated for the payment of the second interim single-tier dividend of 1.65 sen per share, pertaining to the financial year ending on 31 December 2023 to be paid on 29 September 2023.
- (c) RM37.37 million allocated for the fifth tranche of the IMTN and its corresponding interest.
- (d) Estimated RM32.69 of capital expenditure to be incurred for the year, which mainly is for solar panel replacement at the solar facility.

**B14 – Authorisation for Release**

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

By Order of the Board  
Tai Yuen Ling (LS0008513)  
Tai Yit Chan (MAICSA 7009143)  
Company Secretaries  
22 August 2023