

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2023**  
**(UNAUDITED)**

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**This Report is authorised by the Board for public release on 27 February 2024**

## KEY FINANCIAL HIGHLIGHTS

<i>(in RM'000 unless specified otherwise)</i>	<u>12 months ended 31 Dec</u>		<u>Variance</u>
	<u>2023</u>	<u>2022</u>	(%)
	unaudited	audited	#
Revenue	374,704	337,712	↑ 11
Gross profit	124,513	136,886	↓ 9
Profit before taxation (“PBT”)	67,066	81,874	↓ 18
Profit for the year	49,453	66,430	↓ 26
Earnings per share (“EPS”) (sen)	2.08	2.74	↓ 24
Dividends per share (sen)	5.95	6.60	↓ 10

# approximate, to the nearest digit

- The Group achieved a revenue of RM374.70 million, an 11% increase or RM36.99 million compared to the corresponding year revenue of RM337.71 million. This notable increase was attributable to higher contribution from all operating subsidiaries, except from the toll highway segment.
- The increase in revenue in the water treatment and supply segment was primarily attributed to the increase in electricity rebates in the Sungai Selangor Water Treatment Plant Phase 1 (“SSP1”) operations. The higher electricity rebate is 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 from 1 January 2023 to 30 June 2023. As of 1 July 2023, the ICPT surcharge was reduced from RM0.20/kWh to RM0.037/kWh. As a comparison, the ICPT for the corresponding year was RM0.037/kWh. Despite the increase in the Bulk Water Supply Rate from RM0.41/m<sup>3</sup> to RM0.42/m<sup>3</sup> on 1 January 2023 (“BWSR Increase”) as provided under the Bulk Water Supply Agreement with Pengurusan Air Selangor Sdn. Bhd. (“Air Selangor”), revenue from metered sales was lower due to a reduction in the metered sales by 2.8% in the current financial year.
- The growth in the revenue of the Group was also contributed by construction segment in tandem with the improving progress from ongoing projects as well as from the renewable energy segment from higher sales of electricity generated by the solar photovoltaic plants for a period of twelve (12) months compared to about nine (9) months in the corresponding year as the acquisition of the solar renewable energy project was only completed in April 2022. The lower contribution from the toll segment was primarily due to a government compensation amounting to RM11.25 million in respect of a non-increase in scheduled toll hike in 2020 received from the Government of Malaysia by Grand Saga Sdn. Bhd. (“Grand Saga”) in the previous year.
- Despite the higher revenue, the Group reported a 9% decrease in gross profit or by RM12.37 million, mainly due to higher repair and maintenance and the recognition of the government compensation in the previous year.
- In line with the lower gross profit, PBT was also lower at RM67.07 million compared to RM81.87 million in the corresponding year. Contributing to this reduction include lower net returns from interest income, dividend and net gain on redemption from investments designated at fair value through profit or loss (“FVTPL”) and lower share of profits from a jointly controlled entity in the current year. However, the lower PBT was mitigated by amongst others, lower share of losses of associates, a one-off gain from the disposal of an investment property, net reversal of provision for loss allowance on receivables and amount due from contract customers, net gain on foreign exchange and an increase in the fair value gain in the current year.
- Profit for the year experienced a drop by RM16.98 million or 26%, primarily from a higher tax expense in the current year due to overprovision of net deferred tax asset in the prior year.
- EPS decreased by 24%, reflecting lower profit attributable to shareholders of the Company.
- The Board is pleased to declare a fourth interim single-tier dividend of 1.0 sen per share amounting to RM20.2 million in respect of the financial year ended 31 December 2023 to be payable on 29 March 2024.

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

		31 Dec 2023	31 Dec 2022
		RM'000	RM'000
	Note	(Unaudited)	(Audited)
<b>ASSETS</b>			
Property, plant and equipment		121,072	132,047
Right-of-use assets		31,967	35,750
Investment properties		96	99
Intangible assets		959,439	988,040
Investment in joint venture		71,410	73,783
Investment in associates		107,668	129,343
Other investment		200	200
Goodwill on consolidation		132,503	132,503
Long-term other receivable		13,423	15,561
Deferred tax assets		6,373	6,228
Deposits, cash and bank balances	B13	45,924	47,517
<b>Total Non-Current Assets</b>		<b>1,490,075</b>	<b>1,561,071</b>
Inventories		39,023	20,914
Trade receivables		65,905	74,758
Other receivables, deposits and prepayments		18,589	17,924
Tax recoverable		1,008	9,355
Investments designated at fair value through profit or loss	B13	50,846	120,740
Deposits, cash and bank balances	B13	82,478	48,854
		257,849	292,545
Assets held-for-sale	B12	-	694
<b>Total Current Assets</b>		<b>257,849</b>	<b>293,239</b>
<b>TOTAL ASSETS</b>		<b>1,747,924</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		(615)	(217)
Retained earnings		329,673	420,755
<b>Total Equity Attributable to Owners of the Company</b>		<b>695,912</b>	<b>787,392</b>
Non-controlling interests		267,950	260,459
<b>Total Equity</b>		<b>963,862</b>	<b>1,047,851</b>
<b>LIABILITIES</b>			
Long-term borrowings	B7	269,215	298,907
Lease liabilities		30,548	33,391
Long-term trade payables		1,629	1,050
Provisions		39,745	34,253
Deferred income		52,401	63,278
Deferred tax liabilities		237,671	248,139
<b>Total Non-Current Liabilities</b>		<b>631,209</b>	<b>679,018</b>

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

	<u>Note</u>	<u>31 Dec 2023</u> <u>RM'000</u> <u>(Unaudited)</u>	<u>31 Dec 2022</u> <u>RM'000</u> <u>(Audited)</u>
<b>LIABILITIES</b>			
Trade payables		28,033	23,882
Amount due to contract customers		35,923	13,772
Other payables and accruals		34,333	37,176
Provisions		8	93
Short-term borrowings	B7	35,000	30,000
Lease liabilities		2,943	2,738
Deferred income		13,989	14,389
Tax liabilities		2,624	5,391
<b>Total Current Liabilities</b>		<b>152,853</b>	<b>127,441</b>
<b>TOTAL LIABILITIES</b>		<b>784,062</b>	<b>806,459</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,747,924</b>	<b>1,854,310</b>

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	3 Months ended		12 Months ended	
		31 Dec		31 Dec	
		2023 RM'000 unaudited	2022 RM'000 audited	2023 RM'000 unaudited	2022 RM'000 audited
Revenue	A4, B1	<b>101,409</b>	<b>85,855</b>	<b>374,704</b>	<b>337,712</b>
Cost of operations		(70,431)	(45,606)	(250,191)	(200,826)
<b>Gross profit</b>		<b>30,978</b>	<b>40,249</b>	<b>124,513</b>	<b>136,886</b>
Other operating income		3,072	6,060	11,863	13,648
Administrative and other expenses		(9,519)	(10,095)	(36,510)	(33,905)
<b>Operating profit</b>		<b>24,531</b>	<b>36,214</b>	<b>99,866</b>	<b>116,629</b>
Finance costs		(4,394)	(4,457)	(17,491)	(17,975)
Share of results of joint venture		460	4,462	5,502	6,182
Share of results of associates		(5,966)	(11,170)	(20,811)	(22,962)
<b>Profit before tax</b>	B4	<b>14,631</b>	<b>25,049</b>	<b>67,066</b>	<b>81,874</b>
Income tax expense	B5	(5,325)	2,124	(17,613)	(15,444)
<b>Profit for the financial period/year</b>		<b>9,306</b>	<b>27,173</b>	<b>49,453</b>	<b>66,430</b>
<b>Other comprehensive income</b>					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		157	157	(398)	(217)
<b>Total comprehensive income for the financial period/year</b>		<b>9,463</b>	<b>27,330</b>	<b>49,055</b>	<b>66,213</b>
<b>Profit for the financial period/year attributable to:</b>					
Owners of the Company		6,558	21,001	41,962	55,140
Non-controlling interests		2,748	6,172	7,491	11,290
		<b>9,306</b>	<b>27,173</b>	<b>49,453</b>	<b>66,430</b>

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME**

	Note	<u>3 Months ended</u>		<u>12 Months ended</u>	
		<u>31 Dec</u>		<u>31 Dec</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>audited</u>	<u>unaudited</u>	<u>audited</u>
<b>Total comprehensive income for the financial period/year attributable to:</b>					
Owners of the Company		6,715	21,158	41,564	54,923
Non-controlling interests		2,748	6,172	7,491	11,290
		<b>9,463</b>	<b>27,330</b>	<b>49,055</b>	<b>66,213</b>
<b>Basic and diluted earnings per share attributable to owners of the Company</b>					
(sen per share)	B10	0.32	1.05	2.08	2.74

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 year	-	-	-	41,962	41,962	7,491	49,453
<b>Other Comprehensive Income:</b>							
Currency translation differences	-	-	(398)	-	(398)	-	(398)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(398)</b>	<b>41,962</b>	<b>41,564</b>	<b>7,491</b>	<b>49,055</b>
<b>Transactions with Owners of the Company:</b>							
Dividends paid	-	-	-	(133,044)	(133,044)	-	(133,044)
<b>Total transactions with Owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(133,044)</b>	<b>(133,044)</b>	<b>-</b>	<b>(133,044)</b>
<b>As of 31 Dec 2023 (unaudited)</b>	<b>438,354</b>	<b>(71,500)</b>	<b>(615)</b>	<b>329,673</b>	<b>695,912</b>	<b>267,950</b>	<b>963,862</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>-</b>	<b>537,949</b>	<b>904,803</b>	<b>252,646</b>	<b>1,157,449</b>
Profit for the year	-	-	-	55,140	55,140	11,290	66,430
<b>Other Comprehensive Income:</b>							
Currency translation differences	-	-	(217)	-	(217)	-	(217)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(217)</b>	<b>55,140</b>	<b>54,923</b>	<b>11,290</b>	<b>66,213</b>
<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	-	-	-	-	-	(3,430)	(3,430)
Non-controlling interest arising from business combination	-	-	-	-	-	(2,081)	(2,081)
Changes in ownership interests in subsidiaries	-	-	-	(39,290)	(39,290)	-	(39,290)
Reduction in non-controlling interest arising from increase in stake in subsidiaries	-	-	-	-	-	2,034	2,034
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(172,334)</b>	<b>(172,334)</b>	<b>(3,477)</b>	<b>(175,811)</b>
<b>As of 31 Dec 2022 (audited)</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>

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>12 Months</u> <u>ended</u> <u>31 Dec 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2022</u> <u>RM'000</u> <u>audited</u>
<b>CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	67,066	81,874
Adjustments for:		
Non-cash items	46,860	42,416
Interest income	(2,391)	(2,258)
Finance costs	17,491	17,975
Operating Profit Before Working Capital Changes	129,026	140,007
Net decrease/(increase) in inventories, amount due from contract customers, trade and other receivables	16,017	(23,529)
Net increase/(decrease) in trade and other payables, provisions and deferred income	7,571	(5,877)
Cash Generated From Operations	152,614	110,601
Income tax paid	(26,506)	(23,948)
Income tax refunded	3,993	40
<b>Net Cash From Operating Activities</b>	<b>130,101</b>	<b>86,693</b>
<b>CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES</b>		
Interest received	1,885	2,028
Property, plant and equipment:		
- Proceeds from disposal	64	263
- Purchases	(2,329)	(3,683)
Dividend received from an associate	864	817
Dividend received from a joint venture	7,875	-
Investments designated at FVTPL:		
- Purchase	(35,124)	(161,172)
- Proceeds from redemption	105,724	388,705
- Dividend income	2,321	2,107
Payment for acquisition of non-controlling interests	-	(37,256)
Net cash inflow from acquisition of subsidiaries	-	32,588
Withdrawals of deposits pledged as security	1,603	989
Proceeds from assets-held-for-sale	-	240
Proceeds from disposal of other investments	-	34
<b>Net Cash From Investing Activities</b>	<b>82,883</b>	<b>225,660</b>
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>		
Interest paid	(18,180)	(18,471)
Drawdown of borrowings	5,000	-
Repayment of borrowings	(30,075)	(42,121)
Repayment of previous shareholder' loans owing by subsidiaries	-	(125,614)
Repayment of lease liabilities	(2,658)	(3,054)
Dividends paid ( <i>Note A7</i> )	(133,044)	(133,044)
Dividends paid by a subsidiary to non-controlling interests	-	(3,430)
<b>Net Cash Used In Financing Activities</b>	<b>(178,957)</b>	<b>(325,734)</b>

**CONDENSED STATEMENTS OF CASH FLOWS**

	<u>12 Months</u> <u>ended</u> <u>31 Dec 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2022</u> <u>RM'000</u> <u>audited</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>34,027</b>	<b>(13,381)</b>
Effect of Exchange Rate Changes	(403)	7
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>	<b>48,854</b>	<b>62,228</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR</b>	<b>82,478</b>	<b>48,854</b>
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	106,511	81,823
Cash and bank balances	21,891	14,548
Total deposits, cash and bank balances	128,402	96,371
Less: Deposits pledged as security	(45,924)	(47,517)
	<b>82,478</b>	<b>48,854</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 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 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 - Application of the exception and disclosure of that fact
Amendments to MFRS 112	International Tax Reform-Pillar Two Model Rules - other disclosure requirements

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
Amendments to MFRS 121	Lack of Exchangeability

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>31 Dec 2023</u>	<u>30 Sep 2023</u>	<u>31 Dec 2022</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>
1 US Dollar (USD)	4.59	4.69	4.39

**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 year.

**A4 – 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>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>audited</u>	<u>unaudited</u>	<u>audited</u>
<i>Revenue from contracts with customers:</i>				
Management, operations and maintenance of water treatment plant	45,759	46,751	195,981	184,924
Toll revenue and operator fee	19,027	18,740	75,309	71,451
Revenue from construction contracts	26,435	(1,484)	59,760	32,984
Management fees	1,083	1,250	4,332	5,001
Sales of electricity	5,479	5,601	24,933	17,238
	<u>97,783</u>	<u>70,858</u>	<u>360,315</u>	<u>311,598</u>
<i>Revenue from other sources:</i>				
Deferred income	3,626	3,747	14,389	14,864
Government compensation	-	11,250	-	11,250
Revenue as per Condensed Statement of Comprehensive Income	<u>101,409</u>	<u>85,855</u>	<u>374,704</u>	<u>337,712</u>
<i>Timing of revenue recognition for revenue from contracts with customers:</i>				
At a point in time	70,265	71,092	296,223	273,613
Over time	27,518	(234)	64,092	37,985
	<u>97,783</u>	<u>70,858</u>	<u>360,315</u>	<u>311,598</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 year.

## **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 (2022: RM133,044,000) 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 ended 31 December 2023 which was paid on 30 June 2023.
- (c) On 22 August 2023, 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 2023 which was paid on 29 September 2023.
- (d) On 22 November 2023, 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 2023 which was paid on 22 December 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 year and up to 20 February 2024 (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.

3 Months ended 31 Dec	Water		Waste management		Construction		Toll highway		Renewables		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	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
Revenue	45,759	46,751	86,235	84,250	26,434	(1,484)	16,545	30,201	5,479	5,601	1,083	1,250	181,535	166,569	(80,126)	(80,714)	101,409	85,855
EBITDA(i)	12,437	12,807	27,221	385	1,444	(88)	11,992	24,768	4,138	6,380	15,562	2,448	72,794	46,700	(39,087)	1,625	33,707	48,325
Depreciation and amortisation	(101)	(85)	(6,293)	(3,778)	(5)	(5)	(4,687)	(7,229)	(2,888)	(3,720)	(802)	(1,376)	(14,776)	(16,193)	5,600	4,082	(9,176)	(12,111)
Operating profit	12,336	12,722	20,928	(3,393)	1,439	(93)	7,305	17,539	1,250	2,660	14,760	1,072	58,018	30,507	(33,487)	5,707	24,531	36,214
Finance costs	(4)	-	(7,848)	(7,035)	-	-	(2,290)	(2,617)	(130)	(158)	(364)	(44)	(10,636)	(9,854)	6,242	5,397	(4,394)	(4,457)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	460	4,462	460	4,462
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,966)	(11,170)	(5,966)	(11,170)
Profit before tax	12,332	12,722	13,080	(10,428)	1,439	(93)	5,015	14,922	1,120	2,502	14,396	1,028	47,382	20,653	(32,751)	4,396	14,631	25,049
Income tax expense	(2,490)	(2,691)	(2,768)	1,508	(453)	4,106	(1,444)	(3,674)	770	3,587	(1,358)	(68)	(7,743)	2,768	2,418	(644)	(5,325)	2,124
<b>Profit for the financial year</b>	<b>9,842</b>	<b>10,031</b>	<b>10,312</b>	<b>(8,920)</b>	<b>986</b>	<b>4,013</b>	<b>3,571</b>	<b>11,248</b>	<b>1,890</b>	<b>6,089</b>	<b>13,038</b>	<b>960</b>	<b>39,639</b>	<b>23,421</b>	<b>(30,333)</b>	<b>3,752</b>	<b>9,306</b>	<b>27,173</b>
EEDA(ii)	9,943	10,116	16,605	(5,142)	991	4,018	8,258	18,477	4,778	9,809	13,840	2,336	54,415	39,614	(35,933)	(330)	18,482	39,284
Capex(iii)	342	450	5,797	11,144	5	699	326	82	11	192	39	29	6,520	12,596	-	-	-	-

## 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.

12 Months ended 31 Dec	Water		Waste management		Construction		Toll highway		Renewables		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	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
Revenue	195,981	184,924	342,077	332,910	59,759	32,984	70,520	77,210	24,933	17,238	4,332	5,001	697,602	650,267	(322,898)	(312,555)	374,704	337,712
EBITDA(i)	58,736	61,233	63,787	42,628	4,554	1,289	53,076	62,949	21,435	16,168	12,514	(288)	214,102	183,979	(68,685)	(24,478)	145,417	159,501
Depreciation and amortisation	(375)	(308)	(11,495)	(7,589)	(21)	(22)	(23,303)	(24,682)	(11,515)	(8,078)	(3,152)	(3,993)	(49,861)	(44,672)	4,310	1,800	(45,551)	(42,872)
Operating profit	58,361	60,925	52,292	35,039	4,533	1,267	29,773	38,267	9,920	8,090	9,362	(4,281)	164,241	139,307	(64,375)	(22,678)	99,866	116,629
Finance costs	(4)	-	(30,090)	(28,463)	-	-	(9,402)	(10,726)	(521)	(374)	(1,390)	(545)	(41,407)	(40,108)	23,916	22,133	(17,491)	(17,975)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,502	6,182	5,502	6,182
Share of results of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(20,811)	(22,962)	(20,811)	(22,962)
Profit before tax	58,357	60,925	22,202	6,576	4,533	1,267	20,371	27,541	9,399	7,716	7,972	(4,826)	122,834	99,199	(55,768)	(17,325)	67,066	81,874
Income tax expense	(12,661)	(13,699)	(18,970)	(21,397)	(471)	4,106	(6,079)	(8,216)	1,097	3,570	(321)	(1,096)	(37,405)	(36,732)	19,792	21,288	(17,613)	(15,444)
<b>Profit for the financial year</b>	<b>45,696</b>	<b>47,226</b>	<b>3,232</b>	<b>(14,821)</b>	<b>4,062</b>	<b>5,373</b>	<b>14,292</b>	<b>19,325</b>	<b>10,496</b>	<b>11,286</b>	<b>7,651</b>	<b>(5,922)</b>	<b>85,429</b>	<b>62,467</b>	<b>(35,976)</b>	<b>3,963</b>	<b>49,453</b>	<b>66,430</b>
EBDA(ii)	46,071	47,534	14,727	(7,232)	4,083	5,395	37,595	44,007	22,011	19,364	10,803	(1,929)	135,290	107,139	(40,286)	2,163	95,004	109,302
Capex(iii)	509	682	26,829	22,102	127	3,100	757	361	471	293	359	76	29,052	26,614				

## A12 – Operating Segments (continued)

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

### Notes

- The Group monitors the performance of its business by five main business 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 31 Dec	<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>
	<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>	<u>unaudited</u>	<u>audited</u>
Segment assets	99,994	151,691	94,176	116,524	74,662	62,197	1,247,504	1,274,891	169,413	178,037	62,175	70,970	1,747,924	1,854,310
Segment liabilities	(22,954)	(27,896)	-	-	(60,439)	(53,211)	(625,778)	(670,579)	(38,328)	(39,913)	(36,563)	(14,860)	(784,062)	(806,459)
Net segment assets	<b>77,040</b>	<b>123,795</b>	<b>94,176</b>	<b>116,524</b>	<b>14,223</b>	<b>8,986</b>	<b>621,726</b>	<b>604,312</b>	<b>131,085</b>	<b>138,124</b>	<b>25,612</b>	<b>56,110</b>	<b>963,862</b>	<b>1,047,851</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 2023 (unaudited) RM’000	As at 31 Dec 2022 (audited) RM’000	Variance (%) #
Total assets	1,747,924	1,854,310	↓ 6
Total liabilities	784,062	806,459	↓ 3
Total shareholders’ equity	963,862	1,047,851	↓ 8
Return on equity (%)*	4.9	6.0	↓ 18
Net assets per share (sen)	34.52	39.06	↓ 12

\* *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 declined by 6% or RM106.39 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 RM37.86 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 year. However, the decline in cash reserves was mitigated by receipt of government compensation by Grand Saga totalling RM11.25 million, dividends received from an associate and a joint venture amounting to RM8.74 million and receipt of a tax refund of RM3.99 million by the Group during the financial year;
- (ii) intangible assets by RM28.60 million due to amortisation charges; and
- (iii) investments in associates by RM21.68 million mainly due to share of losses of SWM Environment Holdings Sdn Bhd (“**SWMEH**”) during the financial year.

Nonetheless, the decrease in total assets was mitigated by the increase in inventories by RM18.11 million, mainly from materials purchased and delivered on-site but yet to be installed or consumed in the Group’s construction activities.

- (b) Total liabilities saw a decrease of 3% or RM22.40 million mainly due to reduction of borrowings from the redemption of the third tranche of the IMTN of RM30.00 million as well as lower deferred income and deferred tax liabilities by RM11.28 million and RM10.47 million respectively. However, the reduction was mitigated by the RM5 million loan drawdown as well as increase in trade payables and amount due to contract customers by RM4.73 million and RM22.15 million respectively.
- (c) Total shareholders’ equity was lower by 8% or about RM83.99 million on account of total dividends paid to shareholders of the Company. Consequently, the net assets per share also declined to 34.52 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>31 Dec 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>31 Dec 2022</u> <u>RM'000</u> <u>audited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2022</u> <u>RM'000</u> <u>audited</u>
<i>Revenue</i>				
Water treatment and supply	45,759	46,751	195,981	184,924
Construction	26,435	(1,484)	59,760	32,984
Toll highway	22,653	33,737	89,698	97,565
Renewable energy	5,479	5,601	24,933	17,238
Others	1,083	1,250	4,332	5,001
<b>Revenue as per Condensed Statement of Comprehensive Income</b>	<b>101,409</b>	<b>85,855</b>	<b>374,704</b>	<b>337,712</b>
<i>Profit Before Tax</i>				
	<u>3 Months</u> <u>ended</u> <u>31 Dec 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>31 Dec 2022</u> <u>RM'000</u> <u>audited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2023</u> <u>RM'000</u> <u>unaudited</u>	<u>12 Months</u> <u>ended</u> <u>31 Dec 2022</u> <u>RM'000</u> <u>audited</u>
Water treatment and supply	12,336	12,723	58,365	60,927
Construction	1,485	(609)	4,555	742
Toll highway	11,784	20,365	38,063	51,147
Renewable energy	1,250	2,659	9,920	8,089
Others	(2,324)	1,076	(11,037)	(4,276)
<b>Operating profit</b>	<b>24,531</b>	<b>36,214</b>	<b>99,866</b>	<b>116,629</b>
Finance cost	(4,394)	(4,457)	(17,491)	(17,975)
Share of results of joint venture	460	4,462	5,502	6,182
Share of results of associates	(5,966)	(11,170)	(20,811)	(22,962)
<b>Profit before tax for the financial period/year</b>	<b>14,631</b>	<b>25,049</b>	<b>67,066</b>	<b>81,874</b>

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

##### Overall Summary

For the current quarter, the Group posted a revenue of RM101.41 million, a notable increase compared to the corresponding quarter, primarily attributable to the construction segment. Revenue from the toll highway segment was lower due to government compensation recognised in the corresponding quarter, whereas the revenue from other segments were also lower in comparison to 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)

Despite the higher revenue, the Group reported a lower PBT of RM14.63 million, as compared to RM25.05 million in the corresponding quarter. The decrease in PBT was mainly attributable to the following: -

- (a) the government compensation recognised by Grand Saga in the corresponding quarter;
- (b) lower share of results from a jointly controlled entity, Grand Sepadu (NK) Sdn Bhd (“**Grand Sepadu**”) due to government compensation of RM21.90 million recognised in the corresponding quarter; and
- (c) gain on Modification on Leases recognised in the corresponding quarter amounting to RM3.54 million arising from the Company renewing its office premises rental agreement with the landlord; and

However, the decrease in PBT was mitigated by a lower share of losses of an associate, SWM of RM6.16 million (Q4FY22: RM11.40 million) in the current quarter, net reversal of loss allowance on trade and other receivables and amount due from contract customers of RM0.84 million (Q4FY22: net provision of loss allowance of RM0.23 million) million), as well as lower depreciation and amortisation expenses of RM9.18 million (Q4FY22: RM12.11 million) in the current quarter.

#### Water treatment and supply

The operating revenue for the water treatment and supply segment comprised of metered sales of RM37.00 million (Q4FY22: RM37.51 million) and electricity and chemical rebates of RM8.76 million (Q4FY22: RM9.24 million) respectively. Despite the BWSR Increase, the segment’s operating revenue showed a slight decrease from RM46.75 million to RM45.76 million due to the lower metered sales, electricity and chemical rebates.

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 2023</b>	<b>Q4 2022</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	88.11	91.50	↓ 3.7
Number of billing days	92	92	
Average MLD	957.48	994.54	↓ 3.7

The segment’s operating profit declined from RM12.72 million to RM12.34 million in the current quarter due to increase in maintenance and rehabilitation expenditure of RM7.41 million (Q4FY22: RM5.81 million), which is then partially offset by sundry income and net reversal of provision for loss allowance on receivables.

#### Construction

The construction revenue was higher by RM27.92 million mainly due to the progress of the Package 2 and 3 of Phase 1 of the Sungai Rasau Water Treatment Plant and Water Supply Scheme (“**Rasau Projects**”) in the current quarter. Additionally, an adjustment for over-recognition of revenue for the Rasau Projects in the corresponding quarter also contributed to the increase.

## 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)

In line with the higher revenue, operating profit was higher at RM1.49 million as compared to RM0.61 million of operating loss in the corresponding quarter. This was also due to higher percentage of upward revision in the contract sum and margin for 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**”) compared to corresponding quarter. The revision in the current quarter arose from the finalisation of sub-contracts accounts following the completion of the said project in the previous quarter. The higher operating profit was also due to net reversal of loss allowance on trade and other receivables and amount due from contract customers in the current quarter of RM0.42 million (Q4FY22: provision of loss allowance of RM0.08 million).

#### Toll highway – Subsidiary

ADT	Q4 2023	Q4 2022	Variance (%)
Grand Saga Highway	161,380	154,991	↑ 4.1

Due to the higher traffic flow, the Average Daily Traffic (“**ADT**”) in the Grand Saga Highway saw an increase of 4.1%. Nonetheless, revenue was significantly lower by RM11.08 million due to recognition of government compensation in the corresponding quarter.

In line with the lower revenue, the operating profit showed a significant decline in comparison to the corresponding quarter. The drop was however mitigated by lower amortisation of intangible assets amounting to RM5.01 million (Q4FY22: RM6.55 million) as well as lower repair and maintenance expenses in the current quarter amounting to RM1.66 million (Q4FY22: RM2.42 million).

#### Renewable energy

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

	Q4 2023	Q4 2022	Variance (%)
Total energy output (MWh)	4,813	4,690	↑ 2.6

Despite slightly higher energy output, revenue for the current quarter was marginally lower by RM0.12 million attributable to a portion of energy output produced by TR SaTerm Sdn. Bhd.’s (“**TR SaTerm**”) solar facilities being billed at a rate lower than the feed-in tariff rate as it has exceeded the declared annual availability.

The operating profit was lower at RM1.25 million as compared to RM2.66 million in the corresponding quarter attributed to lower sundry income and higher repair and maintenance expenses amounting to RM0.60 million in the current quarter (Q4FY22: an reversal of overprovision of repair and maintenance of RM0.79 million). The higher sundry income in the corresponding quarter was due to disposal of the old panels following the completion of panels replacement in TR SaTerm.

## 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 – Share of results of joint venture

ADT	Q4 2023	Q4 2022	Variance (%)
Grand Sepadu Highway	88,941	85,973	↑ 3.5

Grand Sepadu’s ADT increased by 3.5% as a result of increased traffic brought on by the opening of a new flyover at Bandar Bukit Raja. Nonetheless, the Group’s share of results was lower due to government compensation of RM21.90 million in the corresponding quarter. The drop was mitigated by lower repair and maintenance expenses of RM1.52 million (Q4FY22: RM3.11 million), depreciation and amortisation expenses of RM4.01 million (Q4FY22: RM7.58 million) and tax expenses of RM1.69 million (Q4FY22: RM 6.52 million).

##### 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 lower at RM6.16 million as compared to RM11.40 million in the corresponding quarter due to higher PAT recorded in SWMEH’s group level.

Revenue from both solid waste collection and public cleansing services was higher by 2.4% in the current quarter mainly attributable to the handing over of new areas. In line with the increase in revenue, SWMEH recorded a higher PAT of RM44.24 million compared to RM27.29 million in the corresponding quarter. SWMEH also recorded lower provision for loss allowance on receivables, subcontractor costs, and higher other income during the current quarter. However, the company incurred higher repair and maintenance expenses, depreciation, finance costs and taxes in the current quarter.

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

##### Overall Summary

The Group’s revenue increased significantly by RM36.99 million to RM374.70 million from RM337.71 million recorded in the preceding year. The substantial growth was primarily driven by increased contribution from all operating subsidiaries, except from the toll highway segment.

Despite significant increase in revenue, the Group PBT was lower at RM67.07 million, compared to RM81.87 million in the preceding year. The lower PBT was mainly attributable by the following: -

- (a) the government compensation recognised by Grand Saga in the preceding year;
- (b) higher of repair and maintenance expenses amounting to RM29.37 million (YTD Q4FY22: RM21.60 million); and
- (c) a write-back of over-provision for heavy repairs recognised in prior years of RM2.89 million, as well as a Gain on Modification on Leases of RM3.54 million in the preceding year.

## 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)

Nonetheless, the abovementioned were mitigated by: -

- (a) lower share of losses from SWMEH of RM22.35 million (YTD Q4FY22: RM24.37 million);
- (b) a net reversal of loss allowance on trade and other receivables and amount due from contract customers of RM0.73 million (YTD Q4FY22: net provision of loss allowance of RM0.22 million); and
- (c) a gain on disposal of investment property, higher net gain on foreign exchange and fair value gains in the current financial year as disclosed in Note B4.

#### Water treatment and supply

At the operating level, the water treatment and supply segment reported a revenue of RM195.98 million, exceeding the RM184.92 million recorded in preceding year due to higher electricity rebates in the SSP1 operations. Variations in the electricity and chemical rebates have no impact on the SSP1 operations as it is a pass-through mechanism by which the variations are then passed on to Air Selangor in the form of rebates. Despite the BWSR Increase, revenue from metered sales was lower as compared to the corresponding quarter, due to a reduction in metered sales by 2.8% in the current financial year.

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

<b>SSP1</b>	<b>YTD Dec 2023</b>	<b>YTD Dec 2022</b>	<b>Variance (%)</b>
Metered Sales (million m <sup>3</sup> )	353.65	363.80	↓ 2.8
Number of billing days	365	365	
Average MLD	968.92	996.72	↓ 2.8

Despite the higher revenue, the operating profit decreased to RM58.37 million, down from RM60.93 million a year ago. The decrease was mainly due to higher rehabilitation and maintenance expenses of RM21.63 million (YTD Q4FY22: RM15.54 million). However, the decrease was partially mitigated by, amongst others, a gain on disposal of investment property, net reversal of loss allowance on trade and other receivables, as well as higher net returns from interest income, dividend and net gain on redemption from investments designated at FVTPL in the current financial year.

#### Construction

The segment experienced a substantial increase in revenue as compared to the previous year, with the Rasau Projects and CRJ4 Project contributing RM52.71 million (YTD Q4FY22: RM25.47 million) and RM5.23 million (YTD Q4FY22: RM7.49 million) respectively.

Furthermore, the issuance of the final account for the completed L2P7 Project resulted in an upward revision of the contract sum and margin, and these have further increased the revenue and operating profit compared to the preceding year. The profit was also boosted by recognition of net reversal of loss allowance on trade and other receivables and amount due from contract customers of RM0.31 million (YTD Q4FY22: net provision of loss allowance of RM0.12 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 - Subsidiary

ADT	YTD Dec 2023	YTD Dec 2022	Variance (%)
Grand Saga Highway	158,223	147,504	↑ 7.3

With the opening of the SUKE Expressway in September 2022, ADT recorded a significant increase by 7.3%. Nonetheless, revenue declined to RM89.70 million from RM97.57 million due to government compensation recognised in the preceding year. Due to the lower revenue, operating profit was significantly lower at RM38.06 million (YTD Q4FY22: RM51.15 million). The reduction was primarily due to write-back of overprovision of heavy repairs of RM2.89 million in the corresponding year, as well as higher repair and maintenance expenses of RM5.58 million (YTD Q4FY22: RM4.20 million) in the current financial year.

##### Renewable energy

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

	YTD Dec 2023	YTD Dec 2022	Variance (%)
Total energy output (MWh)	21,184	17,494*	↑ 21.1

\* *the total energy output was twelve months for comparison purposes*

Revenue contribution showed a substantial increase by RM7.70 million, primarily attributable to revenue recognised for a period of twelve (12) months in the current financial year compared to about nine (9) months in the corresponding year as the acquisition of the solar renewable energy project was only completed in April 2022. Furthermore, the higher revenue was also attributed to the completion of panel replacement at TR SaTerm’s solar facility in the fourth quarter of 2022, resulting in a notable increase in total energy output by 21.1%.

Consistent with the higher revenue, the segment’s operating profit was also higher at RM9.92 million compared to RM8.09 million in the preceding year.

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

ADT	YTD Dec 2023	YTD Dec 2022	Variance (%)
Grand Sepadu Highway	88,505	86,059	↑ 2.8

Grand Sepadu recorded a higher ADT by 2.8% compared to the previous year. However, the share of results to the Group was lower due to lower government compensation and higher repair and maintenance expenses incurred in the current financial year. The drop was mitigated by lower depreciation and amortisation of RM15.96 million (YTD Q4FY22: RM18.76 million), finance cost of RM3.89 million (YTD Q4FY22: RM5.41 million) and tax expenses of RM10.19 million (YTD Q4FY22: RM11.93 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)

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

The Group’s share of losses from SWMEH was lower compared to preceding year due to higher PAT recorded in SWMEH amounting to RM182.34 million as compared to RM168.75 million attributable to higher revenue and lower expenses, amongst others, provision for loss allowance on receivables, sub-contractor costs and taxes. However, the increase was partially impacted by higher payroll related costs and depreciation expenses.

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

	<u>3 Months</u> <u>ended</u> <u>31 Dec 2023</u> <u>RM’000</u> <u>unaudited</u>	<u>3 Months</u> <u>ended</u> <u>30 Sep 2023</u> <u>RM’000</u> <u>unaudited</u>
<i>Revenue</i>		
Water treatment and supply	45,759	46,066
Construction	26,435	14,213
Toll highway	22,653	23,289
Renewable energy	5,479	6,229
Others	1,083	938
<b>Total revenue as per Condensed Statement of Comprehensive Income</b>	<b>101,409</b>	<b>90,735</b>
<i>Profit Before Tax</i>		
Water treatment and supply	12,336	13,984
Construction	1,485	2,779
Toll highway	11,784	7,974
Renewable energy	1,250	2,187
Others	(2,324)	(3,203)
<b>Operating profit</b>	<b>24,531</b>	<b>23,721</b>
Finance cost	(4,394)	(4,368)
Share of results of joint venture	460	4,303
Share of results of associates	(5,966)	(5,513)
<b>Profit before tax for the financial period</b>	<b>14,631</b>	<b>18,143</b>

In the current quarter, the Group revenue increased significantly by RM10.67 million, from RM90.74 million to RM101.41 million attributable to higher contribution from the construction segment, driven by the progress of the Rasau projects and upward revision in the margin for the CRJ4 Project. On the other hand, all other segments recorded lower revenue.

Despite the higher revenue, the Group PBT decreased by RM3.51 million to RM14.63 million from RM18.14 million in the previous quarter. This was attributable to higher repair and maintenance expenses and employee related expenses in the current quarter. Nonetheless, the dip in the PBT was mitigated by lower amortisation of intangible assets, higher sundry income as well as net reversal of provision for loss allowance on receivables made in the current quarter. An upward revision in the contract sum and margin for the L2P7 Project as well as government compensation received by a jointly controlled entity contributed to a higher PBT in the previous 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 (continued)

Due to the decrease in metered sales and with the electricity and chemical rebates remaining almost similar between the two quarters, revenue from the water treatment and supply segment was marginally lower as compared to the preceding quarter. The following are the metered sales and the average MLD of metered sales recorded in the SSP1 operations: -

SSP1	Q4 2023	Q3 2023	Variance (%)
Metered Sales (million m <sup>3</sup> )	88.1	89.0	↓ 1.0%
Number of billing days	92	92	
Average MLD	957	967	↓ 1.0%

The segment’s operating profit saw a decrease by RM1.65 million due to the reduction in revenue and higher maintenance and rehabilitation expenses in the current quarter. However, this impact was partially mitigated by higher sundry income and net reversal of provision for loss allowance on receivables.

The construction segment’s revenue is much higher than it was in the preceding quarter due to contribution from CRJ4 and Rasau projects. Nonetheless, there was a reduction in the operating profit attributable to an upward revision in the contract sum and margin for the L2P7 Project, following the issuance of final account in the preceding quarter.

ADT in Grand Saga showed a slight increase by 1.4% as compared to preceding quarter. However, revenue contribution in Grand Saga was marginally lower as compared to the preceding quarter due to 4 days of toll exemption in the current quarter in conjunction with Deepavali and Christmas festivities. The increase in operating profit was attributable to lower of amortisation of intangible assets of RM5.01 million (Q3FY23: RM8.22 million) and lower repair and maintenance expenses of RM1.66 million (Q3FY23: RM2.96 million).

The ADT recorded in the Grand Saga Highway was as follows: -

ADT	Q4 2023	Q3 2023	Variance (%)
Grand Saga Highway	161,380	159,224	↑ 1.4

For the renewable energy segment, revenue was slightly lower by RM0.75 million due to the reduction in the total energy output by 8.4%, and this was also reflected in the drop in the operating profit. However, the drop in the operating profit was higher at RM1.25 million partly attributable to net loss on foreign exchange of RM0.15 million (Q3FY23: net gain of foreign exchange of RM0.05 million). The total energy output (measured in MWh) recorded in the four (4) solar plants were as follows: -

	Q4 2023	Q3 2023	Variance (%)
Total energy output (MWh)	4,813	5,254	↓ 8.4

As for Grand Sepadu, the company recorded an almost similar ADT as compared to preceding quarter. Nonetheless, the Group’s share of results in Grand Sepadu was significantly lower at RM0.46 million (Q3FY23: RM4.30 million) and this was attributed to the government compensation of RM13.83 million in the preceding quarter. The lower share of results was then mitigated by lower repair and maintenance expenses and taxes.

## 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 the Grand Sepadu Highway was as follows: -

ADT	Q4 2023	Q3 2023	Variance (%)
Grand Sepadu Highway	88,941	88,925	-

The Group’s share of losses of SWMEH is higher at RM6.16 million as compared to RM5.94 million in the preceding quarter due to lower PAT recorded in SWMEH. Revenue from both solid waste collection and public cleansing services was higher mainly attributable to handing over of new areas during the current quarter. However, the higher revenue was offset by higher depreciation, vehicle-related costs attributable to repairs and maintenance and purchase of new vehicles during the current quarter, as well as higher provision for loss allowance on receivables. Nevertheless, these effects were partially mitigated by lower taxes during the current quarter.

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

	<u>12 Months ended</u> <u>31 Dec 2023</u> <u>RM’000</u> <u>unaudited</u>	<u>12 Months ended</u> <u>31 Dec 2022</u> <u>RM’000</u> <u>audited</u>	Variance (%)
Net cash from operating activities	130,101	86,693	↑ 50
Net cash from investing activities	82,883	225,660	↓ 63
Net cash used in financing activities	(178,957)	(325,734)	↓ 45

Net cash from operating activities was higher by RM43.41 million primarily attributable to the receipt of government compensation of RM11.25 million by Grand Saga during the financial year as well as timely payments from trade receivables and contract customers. The Group also received tax refunds totalling RM3.99 million in the current financial year, further contributing to the overall increase in net cash from operating activities.

Net cash from investing activities was lower by RM142.78 million primarily due to the lower net proceeds from redemption of investments designated at FVTPL as compared to previous year. However, the decrease in net cash from investing activities was partially offset by dividend received from a joint venture in the current financial year. The acquisition of subsidiaries and non-controlling interest in the previous year had an impact on the net cash from investing activities in that year.

Net cash outflow from financing activities was lower by RM146.78 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 previous year. Additionally, the reduction was contributed by higher loan repayment in the previous year and a loan drawdown of RM5 million in the current quarter.

## B2 – Prospects

The profitability of the Group is predominantly driven by the 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. Throughout the year, there was a consistent and sustained demand for treated raw water in the Klang Valley. Additionally, the toll highway segment has shown vast improvement in the traffic volume, particularly for the Grand Saga Highway, following the opening of the SUKE Expressway. Aside from that, contribution from the renewable energy and construction segments to the Group's profit has improved considerably compared to a year ago following the replacement of solar panels at one of the project sites and receipt of approval from authority to commence construction work for the Rasau Projects respectively.

During the year, Packages 2 and 3 of the Rasau Projects were granted an extension of time to complete by 29 November 2025 and 19 December 2025 respectively. Both the projects are currently on track and is expected to contribute positively to the Group's financial performance in 2024 and 2025. The successful completion of the Rasau Projects remains as one of the top priorities considering that it is a sizeable project to the Group.

For the waste management segment, SWMEH remains profitable and continues to register higher revenue from both solid waste collection and public cleansing services mainly from increasing areas to be serviced. However, the protracted delay in securing a tariff revision remains one of the key concerns. As a result, the Group is expected to record share of losses until the tariff revision is resolved. Discussions are on-going between SWMEH and the Ministry of Housing and Local Government for a second cycle tariff review under the terms of the SWMEH concession agreement.

In the renewable energy segment, the improved financial results for the year is attributed to the improved solar panel efficiency at TR SaTerm's solar facility, pursuant to the successful completion of the solar panel replacement project in the fourth quarter of 2022. For 2024, the Group intends to undertake solar panels replacement in the two other facilities. The replacement exercise, which involves an estimated capital expenditure of approximately RM15 million is anticipated to be completed by third quarter of this year.

Over the past years, the Group has been able to maintain a consistent payout of dividends to shareholders, facilitated by the timely receipt from the water treatment and supply segment along with receipt of toll collections. From time to time, the Group assesses its financial position to ensure that there are sufficient cash reserves to fulfil its operating and capital expenditure requirements, banking and Sukuk covenants as well as for potential business opportunities. 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.

## 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>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>audited</u>	<u>unaudited</u>	<u>audited</u>
<i>Other operating income:</i>				
Interest income on fixed deposits with licensed banks	849	708	2,391	2,258
Dividend from investments designated at FVTPL	453	617	2,321	2,107
Rental income	64	78	351	373
Gain on redemption of investments designated at FVTPL	110	114	368	1,984
Gain on foreign exchange (realised)	-	-	1	-
Gain on foreign exchange (unrealised)	(115)	(246)	808	182
Fair value changes	(31)	85	339	166

	<u>3 Months ended 31 Dec</u>		<u>12 Months ended 31 Dec</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>audited</u>	<u>unaudited</u>	<u>audited</u>
Reversal of loss allowance on trade and other receivables and amount due from contract customers	770	(42)	770	1
Gain on disposal of property, plant and equipment and sundry income	956	957	2,692	2,787
Gain on disposal of investment property ( <i>Note B12</i> )	-	130	1,806	130
Gain on modification of leases	-	3,537	-	3,537
Interest income imputed on retention sum	17	-	17	-
<i><u>Cost of operations, administrative and other expenses:</u></i>				
Depreciation and amortisation	(9,176)	(12,111)	(45,551)	(42,872)
Imputed interest on borrowing	(78)	(92)	(308)	(367)
Loss on redemption of investments designated at FVTPL	-	(25)	-	(126)
Loss on fair value changes	-	(21)	-	(199)
Loss allowance on trade and other receivables and amount due from contract customers	72	(190)	(43)	(227)
Loss on foreign exchange (unrealised)	(35)	4	(386)	(2)
Loss on foreign exchange (realised)	-	(6)	(6)	(17)
Reversal of interest income imputed on retention sum	24	15	-	(10)

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 31 Dec</u>		<u>12 Months ended 31 Dec</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>audited</u>	<u>unaudited</u>	<u>audited</u>
Malaysian income tax	8,053	8,008	28,227	30,910
Deferred tax expense	(2,728)	(10,132)	(10,614)	(15,466)
Total income tax expense	<b>5,325</b>	<b>(2,124)^</b>	<b>17,613</b>	<b>15,444</b>
Effective tax rate	36.4%	(8.5) %	26.3%	18.9%

<sup>^</sup> The negative effective tax rate in the corresponding quarter arose from the recognition of deferred tax assets as the Group anticipates that sufficient taxable profits from the Rasau Projects would be available to offset the unused tax losses.

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

There was no corporate proposal announced but not completed as of 20 February 2024, 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>RM'000</u>	<u>Short term</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<u>31 Dec 2023 (unaudited)</u>			
Secured- IMTN	269,215	30,000	299,215
Unsecured – Revolving credit	-	5,000	5,000
	<u>269,215</u>	<u>35,000</u>	<u>304,215</u>
<u>31 Dec 2022 (audited)</u>			
Secured- IMTN	<u>298,907</u>	<u>30,000</u>	<u>328,907</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 year, 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 year, the remaining balance of the IMTN tranches is RM300 million, which are repayable between 2024 and 2030.

During the current quarter, the Company drawdown RM5 million from a revolving credit facility. As at the date of this report, this amount has been fully repaid.

## 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 1.0 sen per share on 2,015,817,574 shares amounting to RM20,158,000 in respect of the financial year ended 31 December 2023, to be payable on 29 March 2024.

To-date, the Board has declared a total single-tier dividend of 5.95 sen to shareholders for the financial year ended 31 December 2023, amounting to RM119,941,000 (2022: 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 year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

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

	<u>3 Months ended 31 Dec</u>		<u>12 Months ended 31 Dec</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	<u>unaudited</u>	<u>audited</u>	<u>unaudited</u>	<u>audited</u>
Profit for the financial period/year attributable to owners of the Company (RM'000)	6,558	21,001	41,962	55,140
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>0.32</u>	<u>1.05</u>	<u>2.08</u>	<u>2.74</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 second quarter, and the Group recognised a gain on disposal of RM1.806 million as disclosed in Note B4.

## B13 – 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 RM179.25 million are: -

- RM45.92 million held as securities for banking facilities secured by the Group, of which RM38.43 million is maintained in a debt service reserve account for the fifth tranche of the IMTN and its corresponding interest due on 31 January 2024;
- RM20.2 million is allocated for the payment of the fourth interim single-tier dividend as recommended by the Board in Note B9 above; and
- RM27.60 million for budgeted capital expenditure for 2024, a significant portion of which is for solar panel replacement and other improvement works.

## B14 – Restatement of Comparatives

Certain comparatives may differ from the unaudited financial results announced for the fourth quarter of 2022 as they have been adjusted to take into account the audited results of the Group for the financial year ended 31 December 2022.

**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 Yuen Ling (LS0008513)  
Tai Yit Chan (MAICSA 7009143)  
Company Secretaries  
27 February 2024