

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

**INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS**  
**FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2020**  
**(UNAUDITED)**

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## **KEY FINANCIAL HIGHLIGHTS**

| <i>(in RM'000 unless specified otherwise)</i> | <u>9 months ended</u> |             | <u>Variance</u> |
|---|-----------------------|-------------|-----------------|
|   | <u>30 Sep</u>         |             |                 |
|   | <u>2020</u>           | <u>2019</u> | <u>(%)</u>      |
|   | unaudited             | unaudited   | #               |
| Revenue                                       | 242,986               | 271,574     | (11)            |
| Gross profit                                  | 92,092                | 110,291     | (17)            |
| Profit before taxation (PBT)                  | 59,455                | 118,981     | (50)            |
| Profit for the period                         | 48,219                | 102,524     | (53)            |
| Earnings per share (EPS) (sen)                | 2.17                  | 4.71        | (54)            |
| Declared dividends per share (sen)            | 4.95                  | 3.60        | 38              |

- Revenue stood at RM243.0 million, a decrease of 11% or RM28.6 million compared to the corresponding period, attributable to lower revenue from all business segments. The decrease was mainly as a result of the various phases of the movement control orders imposed by the Government since 18 March 2020 in response to the Covid-19 pandemic in the country. In addition to the impact from the movement control orders, revenue from the Sungai Selangor Water Treatment Plant Phase 1 operations was lower due to the decrease in the Bulk Sales Rate from RM0.46/m<sup>3</sup> to RM0.41/m<sup>3</sup> pursuant to the execution of the Bulk Water Sales Agreement with Pengurusan Air Selangor Sdn Bhd as part of the Selangor water restructuring exercise .
- As a result of the lower revenue, the gross profit decreased by 17% or RM18.2 million. In addition, the Group had accrued approximately RM6.587 million of termination benefits and other payments to employees arising from the expiry of Taliworks (Langkawi) Sdn Bhd's privatisation contract with the State Government of Kedah Darul Aman for the management, operations and maintenance of the water supply system in Pulau Langkawi on 31 October 2020. The Group had also provided an additional RM0.5 million in provision for restoration costs on top of the RM2.368 million provided earlier in the audited financial statements for the financial year ended 2019.
- In line with the lower revenue and gross profit, PBT saw a reduction by 50%. It should be noted that the PBT in the corresponding period was also higher from certain transactions that had occurred in the said period namely; the gain on derecognition of trade receivables of RM40.88 million and waivers granted by certain trade creditors totalling RM12.32 million (*as further elaborated in Note B1 on Page 19*). For the financial period, interest expenses were lower whereas share of results from associates saw an improvement compared to the corresponding period.
- Profit for the period was lower by 53% or RM54.3 million in tandem with the lower PBT.
- EPS decreased by 54%, reflecting lower profit attributable to shareholders of the Company.
- The Board is pleased to declare a third interim single-tier dividend of 1.65 sen per ordinary share amounting to RM33.3 million in respect of the financial year ending 31 December 2020. The dividend pay-out for the cumulative three quarters is 38% higher than the corresponding period.

# *approximate, to the nearest digit*

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

|   | Note | 30 Sep 2020<br>RM'000<br>unaudited | 31 Dec 2019<br>RM'000<br>audited |
|---|------|------------------------------------|----------------------------------|
| <b>ASSETS</b>   |      |                                    |                                  |
| Property, plant and equipment   |      | 9,720                              | 12,215                           |
| Investment properties   |      | 221                                | 226                              |
| Intangible assets   |      | 1,053,569                          | 1,070,798                        |
| Investment in joint venture   |      | 66,612                             | 65,909                           |
| Investment in associates  |      | 157,979                            | 166,537                          |
| Other investment  |      | 240                                | 240                              |
| Goodwill on consolidation   |      | 129,385                            | 129,385                          |
| Right-of-use assets   |      | 12,920                             | 14,765                           |
| Deferred tax assets   |      | 2,361                              | 1,305                            |
| Long-term other receivable  |      | 26,086                             | 26,086                           |
| Deposits, cash and bank balances                                      | B12  | 55,195                             | 58,184                           |
| <b>Total Non-Current Assets</b>                                       |      | <b>1,514,288</b>                   | <b>1,545,650</b>                 |
| Inventories   |      | 2,175                              | 1,167                            |
| Amount due from contract customers                                    |      | 11,029                             | 15,838                           |
| Trade receivables   |      | 118,511                            | 107,395                          |
| Other receivables, deposits and prepayments                           |      | 14,529                             | 14,594                           |
| Tax recoverable   |      | 9,346                              | 11,320                           |
| Investments designated at fair value through profit or loss ("FVTPL") | B12  | 370,648                            | 585,061                          |
| Deposits, cash and bank balances                                      | B12  | 68,781                             | 72,524                           |
| <b>Total Current Assets</b>   |      | <b>595,019</b>                     | <b>807,899</b>                   |
| <b>TOTAL ASSETS</b>   |      | <b>2,109,307</b>                   | <b>2,353,549</b>                 |
| <b>EQUITY AND LIABILITIES</b>   |      |                                    |                                  |
| Share capital   |      | 438,354                            | 438,354                          |
| Reserves  |      | 538,555                            | 594,550                          |
| <b>Total Equity Attributable to Owners of the Company</b>             |      | <b>976,909</b>                     | <b>1,032,904</b>                 |
| Non-controlling interests   |      | 253,182                            | 260,021                          |
| <b>Total Equity</b>   |      | <b>1,230,091</b>                   | <b>1,292,925</b>                 |
| <b>LIABILITIES</b>  |      |                                    |                                  |
| Long-term borrowings  | B7   | 358,021                            | 427,612                          |
| Lease liabilities   |      | 15,330                             | 15,330                           |
| Long-term trade payables  |      | 35,798                             | 36,015                           |
| Provisions  |      | 22,497                             | 19,371                           |
| Deferred income   |      | 108,133                            | 108,133                          |
| Deferred tax liabilities  |      | 235,482                            | 236,135                          |
| <b>Total Non-Current Liabilities</b>                                  |      | <b>775,261</b>                     | <b>842,596</b>                   |
| Trade payables  |      | 30,290                             | 87,856                           |
| Other payables and accruals   |      | 36,956                             | 45,042                           |
| Provisions  |      | 2,010                              | 2,368                            |
| Dividend payable  |      | -                                  | 24,190                           |
| Short-term borrowings   | B7   | 30,000                             | 40,000                           |
| Lease liabilities   |      | 652                                | 2,603                            |
| Deferred income   |      | 4,013                              | 15,966                           |
| Tax liabilities   |      | 34                                 | 3                                |
| <b>Total Current Liabilities</b>                                      |      | <b>103,955</b>                     | <b>218,028</b>                   |
| <b>TOTAL LIABILITIES</b>  |      | <b>879,216</b>                     | <b>1,060,624</b>                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   |      | <b>2,109,307</b>                   | <b>2,353,549</b>                 |
| Net assets attributable to owners of the Company (sen per share)      |      | <b>48.46</b>                       | <b>51.24</b>                     |

## CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

|   | Note  | 3 Months ended   |                  | 9 Months ended   |                  |
|---|-------|------------------|------------------|------------------|------------------|
|   |       | 30 Sep           |                  | 30 Sep           |                  |
|   |       | 2020             | 2019             | 2020             | 2019             |
|   |       | <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> |
|   |       |                  | (Restated)       |                  | (Restated)       |
| Revenue   | A5,B1 | <b>82,631</b>    | <b>93,623</b>    | <b>242,986</b>   | <b>271,574</b>   |
| Cost of operations  |       | (50,788)         | (53,276)         | (150,894)        | (161,283)        |
| <b>Gross profit</b>   |       | <b>31,843</b>    | <b>40,347</b>    | <b>92,092</b>    | <b>110,291</b>   |
| Other operating income  |       | 3,621            | 60,060           | 14,266           | 61,024           |
| Administrative and other expenses   |       | (8,297)          | (9,028)          | (27,409)         | (27,553)         |
| <b>Operating profit</b>   |       | <b>27,167</b>    | <b>91,379</b>    | <b>78,949</b>    | <b>143,762</b>   |
| Finance costs   |       | (5,192)          | (6,263)          | (15,966)         | (17,988)         |
| Share of results of joint venture   |       | 506              | 482              | 703              | 1,896            |
| Share of results of associates  |       | 115              | (2,098)          | (4,231)          | (8,689)          |
| <b>Profit before tax</b>  | B4    | <b>22,596</b>    | <b>83,500</b>    | <b>59,455</b>    | <b>118,981</b>   |
| Income tax expense  | B5    | (3,875)          | (8,330)          | (11,236)         | (16,457)         |
| <b>Profit for the financial period/<br/>Total comprehensive income</b>  |       | <b>18,721</b>    | <b>75,170</b>    | <b>48,219</b>    | <b>102,524</b>   |
| <b>Profit for the financial period/<br/>Total comprehensive income<br/>attributable to:</b>                   |       |                  |                  |                  |                  |
| Owners of the Company   |       | 16,182           | 72,635           | 43,788           | 94,997           |
| Non-controlling interests   |       | 2,539            | 2,535            | 4,431            | 7,527            |
|   |       | <b>18,721</b>    | <b>75,170</b>    | <b>48,219</b>    | <b>102,524</b>   |
| <b>Basic and diluted earnings per<br/>share attributable to owners<br/>of the Company (sen per<br/>share)</b> | B10   | 0.80             | 3.60             | 2.17             | 4.71             |

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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-</u>        | <u>Total</u>     |               |
|--|--|-----------------|-----------------|------------------|--------------------|------------------|---------------|
|  | <u>Share</u>                                 | <u>Merger</u>   | <u>Retained</u> | <u>Total</u>     | <u>controlling</u> |                  | <u>Equity</u> |
|  | <u>capital</u>                               | <u>deficit</u>  | <u>earnings</u> |                  | <u>interests</u>   |                  |               |
|  | RM'000                                       | RM'000          | RM'000          | RM'000           | RM'000             | RM'000           |               |
| <b>As of 1 January 2020</b>                                | <b>438,354</b>                               | <b>(71,500)</b> | <b>666,050</b>  | <b>1,032,904</b> | <b>260,021</b>     | <b>1,292,925</b> |               |
| Profit for the financial period                            | -  | -               | 43,788          | 43,788           | 4,431              | 48,219           |               |
| <b>Total comprehensive income for the financial period</b> | -  | -               | 43,788          | 43,788           | 4,431              | 48,219           |               |
| <b>Transactions with owners of the Company:</b>            |  |                 |                 |                  |                    |                  |               |
| Dividend paid  | -  | -               | (99,783)        | (99,783)         | -                  | (99,783)         |               |
| Dividends paid by a subsidiary to non-controlling interest | -  | -               | -               | -                | (11,270)           | (11,270)         |               |
| <b>Total transactions with owners of the Company</b>       | -  | -               | (99,783)        | (99,783)         | (11,270)           | (111,053)        |               |
| <b>As of 30 September 2020 (unaudited)</b>                 | <b>438,354</b>                               | <b>(71,500)</b> | <b>610,055</b>  | <b>976,909</b>   | <b>253,182</b>     | <b>1,230,091</b> |               |

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

|  | <u>Attributable to owners of the Company</u> |                                     |  |                        | <u>Non-<br/>controlling<br/>interests</u><br>RM'000 | <u>Total<br/>Equity</u><br>RM'000 |
|--|--|-------------------------------------|--|------------------------|---|-----------------------------------|
|  | <u>Share<br/>capital</u><br>RM'000           | <u>Merger<br/>deficit</u><br>RM'000 | <u>Retained<br/>earnings</u><br>RM'000 | <u>Total</u><br>RM'000 |   |                                   |
|  | <b>As of 1 January 2019</b>                  | <b>438,354</b>                      | <b>(71,500)</b>                        | <b>689,995</b>         |   |                                   |
| Effects of adoption of MFRS 16                             | -  | -                                   | (3,374)                                | (3,374)                | -   | (3,374)                           |
| <b>As of 1 January 2019, as restated</b>                   | <b>438,354</b>                               | <b>(71,500)</b>                     | <b>686,621</b>                         | <b>1,053,475</b>       | <b>265,443</b>                                      | <b>1,318,918</b>                  |
| Profit for the financial period                            | -  | -                                   | 94,997                                 | 94,997                 | 7,527   | 102,524                           |
| <b>Total comprehensive income for the financial period</b> | -  | -                                   | 94,997                                 | 94,997                 | 7,527   | 102,524                           |
| <b>Transactions with owners of the Company:</b>            |  |                                     |  |                        |   |                                   |
| Dividend paid  | -  | -                                   | (48,380)                               | (48,380)               | -   | (48,380)                          |
| Dividend payable   | -  | -                                   | (24,190)                               | (24,190)               | -   | (24,190)                          |
| Dividend paid by a subsidiary to non-controlling interest  | -  | -                                   | -                                      | -                      | (11,270)  | (11,270)                          |
| Capital distribution from liquidation of a subsidiary      | -  | -                                   | -                                      | -                      | (4)   | (4)                               |
| <b>Total transactions with owners of the Company</b>       | -  | -                                   | (72,570)                               | (72,570)               | (11,274)  | (83,844)                          |
| <b>As of 30 September 2019 (unaudited)</b>                 | <b>438,354</b>                               | <b>(71,500)</b>                     | <b>709,048</b>                         | <b>1,075,902</b>       | <b>261,696</b>                                      | <b>1,337,598</b>                  |

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying significant events and transactions attached to these interim financial statements.

**CONDENSED STATEMENTS OF CASH FLOWS**

|   | <u>9 Months</u><br><u>ended</u><br><u>30 Sep 2020</u><br><u>RM'000</u><br><u>unaudited</u> | <u>9 Months</u><br><u>ended</u><br><u>30 Sep 2019</u><br><u>RM'000</u><br><u>unaudited</u><br><u>(Restated)</u> |
|---|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |  |   |
| Profit before tax   | 59,455   | 118,981   |
| Adjustments for:  |  |   |
| Non-cash items  | 7,729  | (30,070)  |
| Interest income   | (2,031)  | (2,667)   |
| Finance costs   | 15,966   | 17,989  |
| Operating Profit Before Working Capital Changes   | 81,119   | 104,233   |
| Net (decrease)/increase in inventories, amount due from contract customers, trade and other receivables   | (3,524)  | 7,999   |
| Net (decrease)/increase in amount due to contract customers, trade and other payables and deferred income | (63,226)   | 2,219   |
| Cash Generated From Operations  | 14,369   | 114,451   |
| Income tax paid   | (9,262)  | (9,750)   |
| Income tax refund   | 272  | 956   |
| <b>Net Cash From Operating Activities</b>   | <b>5,379</b>   | <b>105,657</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |  |   |
| Interest received   | 2,344  | 2,287   |
| Property, plant and equipment:  |  |   |
| - Proceeds from disposal  | 90   | 12  |
| - Purchase  | (323)  | (3,004)   |
| Dividend income from  |  |   |
| - Joint venture   | -  | 4,500   |
| - Associates  | 4,326  | -   |
| Investments designated at FVTPL:  |  |   |
| - purchase  | (20,000)   | (23,300)  |
| - proceeds from redemption  | 244,383  | 54,375  |
| Placement of deposits pledged as security   | (1,258)  | (30,602)  |
| <b>Net Cash From Investing Activities</b>   | <b>229,562</b>   | <b>4,268</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |  |   |
| Drawdown of borrowings  | -  | 30,000  |
| Interest paid   | (21,490)   | (23,342)  |
| Repayment of borrowings   | (80,142)   | -   |
| Repayment of lease liabilities  | (1,809)  | (1,572)   |
| Dividends paid ( <i>Note A7</i> )   | (123,973)  | (72,570)  |
| Dividend paid by a subsidiary to non-controlling interest   | (11,270)   | (11,270)  |
| Capital distribution paid by a subsidiary to non-controlling interest                                     | -  | (4)   |
| <b>Net Cash Used In Financing Activities</b>  | <b>(238,684)</b>   | <b>(78,758)</b>   |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>   | <b>(3,743)</b>   | <b>31,167</b>   |
| Effects of foreign exchange rate changes  | -  | (2)   |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR</b>                                       | <b>72,524</b>  | <b>89,835</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD</b>   | <b>68,781</b>  | <b>121,000</b>  |

**CONDENSED STATEMENTS OF CASH FLOWS**

|  | <u>9 Months</u><br><u>ended</u><br><u>30 Sep 2020</u><br><u>RM'000</u><br><u>unaudited</u> | <u>9 Months</u><br><u>ended</u><br><u>30 Sep 2019</u><br><u>RM'000</u><br><u>unaudited</u> |
|--|--|--|
| Cash and cash equivalents comprised the following amounts in the statements of financial position: |  |  |
| Deposits with licensed banks   | 89,631   | 104,722  |
| Cash and bank balances   | 34,345   | 78,513   |
| Total deposits, cash and bank balances   | 123,976  | 183,235  |
| Less: Deposits pledged as security   | (55,195)   | (57,913)   |
| Less: Overdrafts   | -  | (4,322)  |
|  | <b>68,781</b>  | <b>121,000</b>   |

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 Securities Sdn Bhd (“**Bursa Securities**”), the guidance and recommendations set out in Issues Communication – Guidance on Disclosures in Notes to Quarterly Report (“ICN 1/2017”) and Issuers Communication - Disclosure Guidance on Covid-19 Related Impacts and Investments (ICN 1/2020”) issued by Bursa Securities.

These interim financial statements should be read in conjunction with the latest audited financial statements of the Company and its subsidiaries (“**Group**”) for the financial year ended 31 December 2019 (“**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 latest Audited Financial Statements, except for the following: -

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

In the current financial period, the Group adopted all revised MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial periods beginning on or after 1 January 2020.

##### **Amendments to MFRSs**

|  |                                   |
|--|-----------------------------------|
| Amendments to MFRS 3   | Definition of a Business          |
| Amendments to MFRS 9, MFRS 139 and MFRS 7                              | Interest Rate Benchmark Reform    |
| Amendments to MFRS 101 and MFRS 108                                    | Definition of Material            |
| Amendments to MFRS 16  | Covid-19-Related Rent Concessions |
| Amendments to References to the Conceptual Framework in MFRS Standards |                                   |

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

#### **(ii) Early adoption of Amendment to MFRS 16 Leases -Covid-19 Related Rent Concessions (“the Amendment”) which is effective for annual reporting periods beginning on or after 1 June 2020**

On 1 January 2014, the Group entered into a lease arrangement for an office premises with the landlord for a tenure of 3 years with the option for renewal of 3 terms of 3 years per term up to 31 December 2025. The lease payments are adjusted every term, based on the then prevailing market rental rate agreed by both parties. During the financial period, the Group was offered a rebate for rental incurred during the period covering 18 March 2020 to 17 May 2020 as a direct consequence of the Movement Control Order (“**MCO**”) imposed by the Government due to the Covid-19 pandemic, whilst other terms and conditions of the lease contract remained unchanged.

The rental rebate has met all the conditions set out in paragraph 46B of the Amendment. Hence, the Group made use of the practical expedient available in paragraph 46A of the Amendment. Pursuant to paragraph 46A, the Group may elect not to assess whether a rent concession that meets the conditions in paragraph 4B is a lease modification. Instead, the Group shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying the MFRS 16 Leases if the change were not a lease modification.

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

### **(ii) Early adoption of Amendment to MFRS 16 Leases -Covid-19 Related Rent Concessions (“the Amendment”) which is effective for annual reporting periods beginning on or after 1 June 2020 (continued)**

The Group applied the practical expedient to all its rent concessions during the financial period. As a result of the application, the Group recognised an income from the waiver of rental in the financial period amounting to RM167,000 as disclosed in Note B4 to reflect changes in lease payments that arose from the rent concessions.

### **Standards in issue but not yet effective**

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

|  |   |
|--|---|
| MFRS 17  | Insurance Contracts   |
| Amendments to MFRS 101                         | Classification of Liabilities as Current or Non-Current                               |
| Amendments to MFRS 10 and MFRS 128             | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
| Amendments to MFRS 3                           | Reference to the Conceptual Framework   |
| Amendments to MFRS 116                         | Property, Plant and Equipment-Proceeds before Intended Use                            |
| Amendments to MFRS 137                         | Onerous Contracts   |
| Annual Improvement to MFRS Standards 2018-2020 |   |

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

### **A2 – Comments about the Seasonal or 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 items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter and financial period.

### **A4 – Accounting Estimates**

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

## A5 – Revenue

The disaggregation of revenue were as follows:

|   | <u>3 Months ended</u> |                  | <u>9 Months ended</u> |                  |
|---|-----------------------|------------------|-----------------------|------------------|
|   | <u>30 Sep</u>         |                  | <u>30 Sep</u>         |                  |
|   | <u>2020</u>           | <u>2019</u>      | <u>2020</u>           | <u>2019</u>      |
|   | <u>RM'000</u>         | <u>RM'000</u>    | <u>RM'000</u>         | <u>RM'000</u>    |
|   | <u>unaudited</u>      | <u>unaudited</u> | <u>unaudited</u>      | <u>unaudited</u> |
| <i>Revenue from contracts with customers:</i>                                   |                       |                  |                       |                  |
| Management, operations and maintenance of water treatment plants                | 56,446                | 66,464           | 175,744               | 184,879          |
| Toll revenue and operator fee   | 17,615                | 18,163           | 43,172                | 54,024           |
| Revenue from construction contracts   | 3,240                 | 3,326            | 8,169                 | 15,804           |
| Management fees   | 1,316                 | 1,316            | 3,948                 | 3,948            |
|   | <u>78,617</u>         | <u>89,269</u>    | <u>231,033</u>        | <u>258,655</u>   |
| <i>Revenue from other sources:</i>  |                       |                  |                       |                  |
| Deferred income   | 4,014                 | 4,354            | 11,953                | 12,919           |
| Revenue as per Condensed Statement of Comprehensive Income                      | <u>82,631</u>         | <u>93,623</u>    | <u>242,986</u>        | <u>271,574</u>   |
| <i>Timing of revenue recognition for revenue from contracts with customers:</i> |                       |                  |                       |                  |
| At a point in time  | 74,061                | 84,627           | 218,916               | 238,903          |
| Over time   | <u>4,556</u>          | <u>4,642</u>     | <u>12,117</u>         | <u>19,752</u>    |
|   | <u>78,617</u>         | <u>89,269</u>    | <u>231,033</u>        | <u>258,655</u>   |

## 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 RM123,972,776 (2019: RM72,569,436) were as follows:

- (i) On 27 November 2019, the Board declared a third interim single-tier dividend of 1.2 sen per share on 2,015,817,574 ordinary shares in respect of the financial year ended 31 December 2019. The dividends amounting to RM24,189,812 were paid on 25 February 2020;
- (ii) On 27 February 2020, the Board declared a fourth interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares in respect of the financial year ended 31 December 2019. The dividends amounting to RM33,260,988 were paid on 27 March 2020;
- (iii) On 13 May 2020, the Board declared a first interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares in respect of the financial year ended 31 December 2020. The dividends amounting to RM33,260,988 were paid on 19 June 2020; and
- (iv) On 19 Aug 2020, the Board declared a second interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares in respect of the financial year ended 31 December 2020. The dividends amounting to RM33,260,988 were paid on 30 September 2020.

## **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 except as follows:

- (a) The water treatment, supply and distribution system in Pulau Langkawi, which was managed by a wholly owned subsidiary, Taliworks (Langkawi) Sdn. Bhd (“**TLSB**”), under a 25-year privatisation contract with the State Government of Kedah Darul Aman, had expired on 31 October 2020. On 1 November 2020, TLSB had handed over the operations to Syarikat Air Darul Aman Sdn. Bhd. (“**SADA**”), a corporatised body under the state government; and
- (b) On 15 October 2020, Grand Sepadu Sdn Bhd (“**Grand Sepadu**”), the operator of the New North Klang Straits Bypass Expressway, received a toll compensation from the Government of Malaysia for non increase of toll rates, which comprises of RM12.31 million advance compensation for the year 2020 and RM4.66 million for the remaining balance of toll compensation in respect of 2019.

## **A9 - Contingent Liabilities**

There were no material contingent liabilities since the last Audited 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**

Other than disclosed elsewhere in these interim financial statements, 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 latest 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<br>ended 30 Sep<br>unaudited | Water treatment, supply<br>and distribution |         | Construction |        | Toll highway |         | Waste management |         | Others  |         | Total    |          | Reconciliation |          | Amount as per<br>Condensed Statement of<br>Comprehensive Income |         |
|---------------------------------------|---|---------|--------------|--------|--------------|---------|------------------|---------|---------|---------|----------|----------|----------------|----------|---|---------|
|                                       | 2020  | 2019    | 2020         | 2019   | 2020         | 2019    | 2020             | 2019    | 2020    | 2019    | 2020     | 2019     | 2020           | 2019     | 2020  | 2019    |
|                                       | RM'000                                      | RM'000  | RM'000       | RM'000 | RM'000       | RM'000  | RM'000           | RM'000  | RM'000  | RM'000  | RM'000   | RM'000   | RM'000         | RM'000   | RM'000  | RM'000  |
| Revenue                               | 56,446                                      | 63,871  | 3,477        | 3,965  | 15,744       | 16,274  | 78,452           | 80,560  | 1,316   | 1,316   | 155,435  | 165,986  | (72,804)       | (72,363) | 82,631  | 93,623  |
| EBITDA(i)                             | 19,112                                      | 38,039  | (101)        | (317)  | 12,752       | 13,096  | 20,833           | 22,595  | (1,263) | (1,674) | 51,333   | 71,739   | (15,647)       | 28,214   | 35,686  | 99,953  |
| Depreciation<br>and<br>amortisation   | (151)                                       | (183)   | (44)         | (59)   | (5,559)      | (5,820) | (3,865)          | (6,336) | (911)   | (715)   | (10,530) | (13,113) | 2,011          | 4,539    | (8,519)   | (8,574) |
| Operating profit                      | 18,961                                      | 37,856  | (145)        | (376)  | 7,193        | 7,276   | 16,968           | 16,259  | (2,174) | (2,389) | 40,803   | 58,626   | (13,636)       | 32,753   | 27,167  | 91,379  |
| Finance costs                         | -   | -       | -            | -      | (3,261)      | (3,524) | (6,743)          | (6,482) | (235)   | (847)   | (10,239) | (10,853) | 5,047          | 4,590    | (5,192)   | (6,263) |
| Share of results<br>of joint venture  | -   | -       | -            | -      | -            | -       | -                | -       | -       | -       | -        | -        | 506            | 482      | 506   | 482     |
| Share of results<br>of associates     | -   | -       | -            | -      | -            | -       | -                | -       | -       | -       | -        | -        | 115            | (2,098)  | 115   | (2,098) |
| Profit before tax                     | 18,961                                      | 37,856  | (145)        | (376)  | 3,932        | 3,752   | 10,225           | 9,777   | (2,409) | (3,236) | 30,564   | 47,773   | (7,968)        | 35,727   | 22,596  | 83,500  |
| Income tax<br>expense                 | (4,089)                                     | (8,609) | -            | 113    | (405)        | (253)   | (5,176)          | (5,215) | (23)    | -       | (9,693)  | (13,964) | 5,818          | 5,634    | (3,875)   | (8,330) |
| Profit after tax                      | 14,872                                      | 29,247  | (145)        | (263)  | 3,527        | 3,499   | 5,049            | 4,562   | (2,432) | (3,236) | 20,871   | 33,809   | (2,150)        | 41,361   | 18,721  | 75,170  |
| EBDA(ii)                              | 15,023                                      | 29,430  | (101)        | (204)  | 9,086        | 9,319   | 8,914            | 10,898  | (1,521) | (2,521) | 31,401   | 46,922   | (4,161)        | 36,822   | 27,240  | 83,744  |
| Capex(iii)                            | 17  | 185     | -            | (25)   | 36           | 31      | 735              | 1,063   | 79      | 2,532   | 867      | 3,786    |                |          |   |         |

| 9 Months<br>ended 30 Sep<br>unaudited            | Water treatment, supply<br>and distribution |          | Construction |        | Toll highway |          | Waste management |          | Others  |         | Total    |          | Reconciliation |           | Amount as per<br>Condensed Statement of<br>Comprehensive Income |          |
|--|---|----------|--------------|--------|--------------|----------|------------------|----------|---------|---------|----------|----------|----------------|-----------|---|----------|
|  | 2020  | 2019     | 2020         | 2019   | 2020         | 2019     | 2020             | 2019     | 2020    | 2019    | 2020     | 2019     | 2020           | 2019      | 2020  | 2019     |
|  | RM'000                                      | RM'000   | RM'000       | RM'000 | RM'000       | RM'000   | RM'000           | RM'000   | RM'000  | RM'000  | RM'000   | RM'000   | RM'000         | RM'000    | RM'000  | RM'000   |
| Revenue  | 175,744                                     | 191,797  | 8,773        | 18,573 | 40,344       | 49,729   | 233,780          | 238,745  | 3,948   | 3,948   | 462,589  | 502,792  | (219,603)      | (231,218) | 242,986   | 271,574  |
| EBITDA(i)<br>Depreciation<br>and<br>amortisation | 61,496                                      | 83,596   | (209)        | (364)  | 31,147       | 40,374   | 61,194           | 65,725   | (4,141) | (5,584) | 149,487  | 183,747  | (48,756)       | (14,420)  | 100,731   | 169,327  |
|  | (466)                                       | (554)    | (132)        | (219)  | (14,004)     | (17,330) | (14,049)         | (20,797) | (2,740) | (2,067) | (31,391) | (40,967) | 9,609          | 15,402    | (21,782)  | (25,565) |
| Operating profit                                 | 61,030                                      | 83,042   | (341)        | (583)  | 17,143       | 23,044   | 47,145           | 44,928   | (6,881) | (7,651) | 118,096  | 142,780  | (39,147)       | 982       | 78,949  | 143,762  |
| Finance costs                                    | -   | -        | -            | -      | (9,900)      | (10,585) | (19,608)         | (19,095) | (1,147) | (2,331) | (30,655) | (32,011) | 14,689         | 14,023    | (15,966)  | (17,988) |
| Share of results<br>of joint venture             | -   | -        | -            | -      | -            | -        | -                | -        | -       | -       | -        | -        | 703            | 1,896     | 703   | 1,896    |
| Share of results<br>of associates                | -   | -        | -            | -      | -            | -        | -                | -        | -       | -       | -        | -        | (4,231)        | (8,689)   | (4,231)   | (8,689)  |
| Profit before tax                                | 61,030                                      | 83,042   | (341)        | (583)  | 7,243        | 12,459   | 27,537           | 25,833   | (8,028) | (9,982) | 87,441   | 110,769  | (27,986)       | 8,212     | 59,455  | 118,981  |
| Income tax<br>expense                            | (11,894)                                    | (17,104) | -            | 85     | (792)        | (1,594)  | (14,646)         | (14,388) | (23)    | -       | (27,355) | (33,001) | 16,119         | 16,544    | (11,236)  | (16,457) |
| Profit after tax                                 | 49,136                                      | 65,938   | (341)        | (498)  | 6,451        | 10,865   | 12,891           | 11,445   | (8,051) | (9,982) | 60,086   | 77,768   | (11,867)       | 24,756    | 48,219  | 102,524  |
| EBDA(ii)   | 49,602                                      | 66,492   | (209)        | (279)  | 20,455       | 28,195   | 26,940           | 32,242   | (5,311) | (7,915) | 91,477   | 118,735  | (21,476)       | 9,354     | 70,001  | 128,089  |
| Capex(iii)                                       | 102   | 313      | 9            | 57     | 100          | 91       | 4,441            | 3,598    | 105     | 2,550   | 4,757    | 6,609    |                |           |   |          |

## 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 four main business divisions namely water treatment, supply and distribution, waste management, construction and toll highway. Others refer to investment holding and other non-core businesses.*
- The revenue and profit performance represent the Group's proportionate share of interest in each of the subsidiaries (instead of full consolidation) and includes a proportionate share of the interest of joint ventures or associates (instead of being equity accounted). The total is then reconciled to the revenue and profit performance in the Condensed Statements of Comprehensive Income. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.*
- The comparative segmental information on the water treatment, supply and distribution division excludes the effects of adoption of MFRS 15 as further elaborated in Note 1 on page 16 to better assess the operational performance of the division.*
- The income statement in the waste management division excluded the fair value measurement adjustments made at the Group level. This is to better assess the operational performance of the division. The segmental results (including the calculation of EBITDA and EBDA), are solely from the concession business, after the proportionate deduction of the dividend on the cumulative preferences shares held by parties other than the Group.*

| As at 30 Sep<br>unaudited | <u>Water treatment, supply and<br/>distribution</u> |                       | <u>Waste management</u> |                       | <u>Construction</u>   |                       | <u>Toll highway</u>   |                       | <u>Others</u>         |                       | <u>Total</u>          |                       |
|---------------------------|---|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                           | <u>2020</u><br>RM'000                               | <u>2019</u><br>RM'000 | <u>2020</u><br>RM'000   | <u>2019</u><br>RM'000 | <u>2020</u><br>RM'000 | <u>2019</u><br>RM'000 | <u>2020</u><br>RM'000 | <u>2019</u><br>RM'000 | <u>2020</u><br>RM'000 | <u>2019</u><br>RM'000 | <u>2020</u><br>RM'000 | <u>2019</u><br>RM'000 |
| Segment assets            | 553,544   | 862,665               | 146,662                 | 162,423               | 26,602                | 28,941                | 1,342,362             | 1,408,564             | 40,137                | 29,996                | 2,109,307             | 2,492,589             |
| Segment liabilities       | (85,908)  | (212,568)             | -                       | -                     | (14,527)              | (16,587)              | (760,070)             | (806,697)             | (18,711)              | (119,139)             | (879,216)             | (1,154,991)           |
| Net segment assets        | <b>467,636</b>                                      | <b>650,097</b>        | <b>146,662</b>          | <b>162,423</b>        | <b>12,075</b>         | <b>12,354</b>         | <b>582,292</b>        | <b>601,867</b>        | <b>21,426</b>         | <b>(89,143)</b>       | <b>1,230,091</b>      | <b>1,337,598</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<br>30 Sep 2020<br>(unaudited)<br>RM’000 | As at<br>31 Dec 2019<br>(audited)<br>RM’000 | Variance<br>(%)<br># |
|-----------------------|---|---|----------------------|
| Total assets          | 2,109,307                                     | 2,353,549                                   | (10)                 |
| Total liabilities     | 879,216                                       | 1,060,624                                   | (17)                 |
| Total equity          | 1,230,091                                     | 1,292,925                                   | (5)                  |
| Return on equity (%)* | 4.8   | 8.3   |                      |

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

# approximate, to the nearest digit

- (a) The Group’s total assets decreased by 10% or approximately RM244 million mainly due to lower investments designated at FVTPL principally due to the dividend payments to shareholders, repayments of borrowings, interest payments and payments to trade creditors during the financial period.
- (b) Total liabilities decreased by 17% or approximately RM181 million mainly due to lower trade and other payables as a result of scheduled debt repayments made by a subsidiary, Sungai Harmoni Sdn Bhd (“SHSB”) to its trade creditors and payment of interests on the Islamic Medium-Term Notes (“IMTN”) under a RM420 million IMTN Programme issued by a subsidiary, Cerah Sama Sdn Bhd. The Group’s borrowings was lower by RM80.0 million as a result of repayment of RM50.0 million of revolving credit facilities and the redemption of the first tranche of the IMTN amounting to RM30.0 million.
- (c) Total equity attributable to owners of the Company was lower by 5% or about RM63 million in line with higher dividends paid to shareholders of the Company and non-controlling interest offset by profit recorded for the financial period.

**Part B – Review of Income Statement**

|   | <u>3 Months<br/>ended<br/>30 Sep 2020<br/>RM’000<br/>unaudited</u> | <u>3 Months<br/>ended<br/>30 Sep 2019<br/>RM’000<br/>unaudited</u> | <u>9 Months<br/>ended<br/>30 Sep 2020<br/>RM’000<br/>unaudited</u> | <u>9 Months<br/>ended<br/>30 Sep 2019<br/>RM’000<br/>unaudited</u> |
|---|--|--|--|--|
| <i>Revenue</i>  |  |  |  |  |
| Water treatment, supply and distribution                              | 56,446   | 63,871   | 175,744  | 191,797  |
| Construction  | 3,240  | 3,326  | 8,169  | 15,804   |
| Toll highway  | 21,629   | 22,517   | 55,125   | 66,943   |
| Others  | 1,316  | 1,316  | 3,948  | 3,948  |
|   | 82,631   | 91,030   | 242,986  | 278,492  |
| Less: Adjustment to revenue (Note 1)                                  | -  | 2,593  | -  | (6,918)  |
| <b>Revenue as per Condensed Statement<br/>of Comprehensive Income</b> | <b>82,631</b>  | <b>93,623</b>  | <b>242,986</b>   | <b>271,574</b>   |



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

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

#### Note 1

This amount represents a deduction by 10% on the revenue in the water treatment, supply and distribution segment pertaining to the invoices to Syarikat Pengeluar Air Sungai Selangor Sdn Bhd (“SPLASH”) which is deemed uncollectable pursuant to the termination and settlement agreement with Pengurusan Air Selangor Sdn Bhd (“Air Selangor”) and SPLASH in the prior year and therefore excluded from revenue in accordance with MFRS 15 (“MFRS 15 Deduction”). According to the Group’s Accounting Policy on Revenue referred to in Note 3 of the Audited Financial Statements, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. For the purposes of providing a more detailed analysis on the performance of the revenue of the respective business segments of the Group, this amount is shown as a separate line item instead of being excluded from revenue as required under MFRS 15.

#### Profit Before Tax

|   | <u>3 Months</u><br><u>ended</u><br><u>30 Sep 2020</u><br><u>RM’000</u><br><u>unaudited</u> | <u>3 Months</u><br><u>ended</u><br><u>30 Sep 2019</u><br><u>RM’000</u><br><u>unaudited</u> | <u>9 Months</u><br><u>ended</u><br><u>30 Sep 2020</u><br><u>RM’000</u><br><u>unaudited</u> | <u>9 Months</u><br><u>ended</u><br><u>30 Sep 2019</u><br><u>RM’000</u><br><u>unaudited</u> |
|---|--|--|--|--|
| Water treatment, supply and distribution          | 18,961   | 83,150   | 61,015   | 119,418  |
| Construction                                      | (230)  | (401)  | (592)  | (640)  |
| Toll highway                                      | 10,643   | 11,017   | 25,407   | 32,682   |
| Others  | (2,207)  | (2,387)  | (6,881)  | (7,698)  |
| <b>Operating profit</b>                           | <b>27,167</b>  | <b>91,379</b>  | <b>78,949</b>  | <b>143,762</b>   |
| Finance cost                                      | (5,192)  | (6,263)  | (15,966)   | (17,988)   |
| Share of results of joint venture                 | 506  | 482  | 703  | 1,896  |
| Share of results of associates                    | 115  | (2,098)  | (4,231)  | (8,689)  |
| <b>Profit before tax for the financial period</b> | <b>22,596</b>  | <b>83,500</b>  | <b>59,455</b>  | <b>118,981</b>   |

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

##### Overall Summary

The Group recorded a decrease in revenue by RM11.0 million from RM93.6 million to RM82.6 million mainly attributable to the lower revenue from all the business segments, particularly from the water treatment, supply and distribution business due to the decrease in the Bulk Sales Rate from RM0.46/m<sup>3</sup> to RM0.41/m<sup>3</sup> in the Sungai Selangor Water Treatment Plant Phase 1 (“SSP1”) operations pursuant to the execution of the Bulk Water Sales Agreement with Air Selangor last year (“BSR Reduction”), lower metered sales recorded in SSP1 as well as from the reduction in tourism activities in Langkawi which lowered the demand for the supply of treated water in the Langkawi operations. The decrease in revenue from the toll and construction businesses was due to the impact from the MCO imposed by the Government in response to the Covid-19 pandemic although the Government has allowed social, economic, school and religious activities to operate from 10 June 2020 during the Recovery Movement Control Order (“RMCO”).

## 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 decrease in revenue, the Group registered a lower profit before taxation (“PBT”) of RM22.6 million compared to RM83.5 million in the corresponding quarter. The PBT was also impacted by an additional accrual of RM0.587 million for termination benefits and other payments to employees of TLSB as well as an additional provision of RM0.5 million of restoration costs to restore the water treatment plants and water distribution system as at the expiry of the Langkawi water supply privatisation contract with the State Government of Kedah Darul Aman on 31 October 2020. The list of items required to be restored has been agreed with SADA at the date of hand-over of the Langkawi operations and the provision represents the Group’s best estimate as of the date hereof.

It should be noted that the higher PBT in the corresponding quarter was also attributable to the gain on derecognition of trade receivables of RM40.88 million and waivers granted by certain trade creditors of RM15.69 million. Nevertheless, the decrease in the PBT in the current period was mitigated by the following:-

- (a) higher dividend and gain on redemption from investments designated at FVTPL of RM2.3 million (2019: RM0.2 million) in the current quarter. The completion of the disposal of receivables for RM660 million (referred to in Note 25(b) of the Audited Financial Statements) last year has increased the cash reserves of the Group substantially;
- (b) lower share of losses from an associate, SWM Environment Holdings Sdn Bhd (“SWMEH”); and
- (c) lower financing cost due to repayment of bank borrowings and the redemption of the first tranche of the IMTN.

#### Water treatment, supply and distribution

Operating revenue (without taking consideration the accounting impact from the reversal of MFRS 15 Deduction) recorded a decrease from RM63.9 million to RM56.4 million due to the BSR Reduction and the lower metered sales in SSP1 and Langkawi operations.

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

| <b>Metered Sales –<br/>(million m3)</b> | <b>Q3 - 2020</b> | <b>Q3 - 2019</b> | <b>Decrease</b> |
|---|------------------|------------------|-----------------|
| SSP1                                    | 85.0             | 92.2             | (7.8%)          |
| Langkawi                                | 4.65             | 4.77             | (2.5%)          |

  

| <b>Number of billing<br/>days</b> | <b>Q3 - 2020</b> | <b>Q3 - 2019</b> |
|-----------------------------------|------------------|------------------|
| SSP1                              | 92               | 94               |
| Langkawi                          | 92               | 92               |

  

| <b>Average MLD</b> | <b>Q3 - 2020</b> | <b>Q3 - 2019</b> | <b>Decrease</b> |
|--------------------|------------------|------------------|-----------------|
| SSP1               | 923.6            | 980.6            | (5.8%)          |
| Langkawi           | 50.54            | 51.84            | (2.6%)          |

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

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

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

##### Water treatment, supply and distribution (continued)

The metered sales in SSP1 saw a reduction due to a shorter billing period of 92 days coupled with a 48-hour disruption in the operations of SSP1 arising from an odour pollution in Sungai Selangor which affected millions of consumers in the Klang Valley. Whereas in Langkawi, demand for water was severely impacted arising from the reduction in the number of tourists to Langkawi due to the Covid-19 pandemic.

In terms of PBT, it was much lower than the corresponding quarter mainly attributable to the gain on derecognition of trade receivables and waivers granted by certain trade creditors in the corresponding quarter as well as from the accrual of termination benefits and other payments and the additional provision for restoration costs in the Langkawi operation in the current quarter.

##### Construction

Revenue marginally decreased by RM0.1 million compared to the corresponding quarter as two on-going projects i.e. Langat 2 - Package 7 Balancing Reservoir Project and the Ganchong water treatment works, main distribution pipeline, booster pump stations and associated works were substantially completed as at the end of 2019, save for minor works. During the current quarter, the revenue contribution mainly came 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**”). Due to the low revenue achieved, the segment recorded operating losses in both the quarters.

##### Toll highway - Subsidiary

Revenue contribution from Grand Saga Sdn. Bhd (“**Grand Saga**”), the operator of the Cheras-Kajang highway, was lower by RM0.9 million as compared to the corresponding quarter due to lower Average Daily Traffic (“**ADT**”) by about 3.4% i.e. 142,619 vehicles per day compared to 147,580 vehicles per day recorded in the corresponding quarter as a result of the impact from the travel restrictions under the MCO. The segment’s operating profit was lower by RM0.4 million in line with the reduction in revenue. However, the impact was mitigated by lower operating costs from cost saving measurements undertaken by the company, lower finance costs from repayment of IMTN and lower charges on amortisation of intangible assets on account of lower ADT in the current quarter.

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

Despite the lower ADT by approximately 5.7% i.e. 88,063 vehicles per day compared to 93,418 vehicles per day in the corresponding quarter, the Group’s share of results in Grand Sepadu was slightly higher due to the lower repairs and maintenance cost, amortisation of intangible assets and financing costs.

##### Waste management - Associate

The Group’s share of results of associates was mainly contributed by SWMEH. The Group’s share of losses from SWMEH is RM0.4 million compared to a loss of RM2.5 million in the corresponding quarter due to higher PAT recorded by SWMEH and lower adjustments made by the Group of RM47.0 million (2019: RM51.9 million) to SWMEH’s PAT. At SWMEH’s company level, the PAT is higher at RM46.1 million as compared to RM44.7 million due to lower depreciation expense of the assets reaching their lifespan, lower vehicle and equipment related costs and reduction in subcontractor costs.

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

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

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

##### Overall Summary

The Group recorded a significant decrease in revenue by RM28.6 million from RM271.6 million to RM243.0 million in the current financial period mainly attributable to lower contribution from all business segments, which included the impact from BSR Reduction and from the various phases of the MCO.

The Group registered a lower PBT of RM59.5 million compared to RM119.0 million in the corresponding period in line with the decrease in revenue, but more so from the gain on derecognition of trade receivables of RM40.88 million and the waivers granted by certain trade creditors of RM12.32 million recognised in the corresponding period. The accrual of termination benefits and other payments of RM6.587 million as well as the additional provision for restoration costs of RM0.5 million in the Langkawi operations has also impacted the PBT in the current financial period.

However, the decrease in PBT was mitigated by the following:-

- (a) higher dividend and gain on redemption from investments designated at FVTPL of RM10.3 million (2019:RM0.9 million) recognised in current financial period;
- (b) lower share of losses from SWMEH; and
- (c) lower financing cost due to repayment of bank borrowings and IMTN.

##### Water treatment, supply and distribution

At the operating level without taking into consideration the accounting impact from the MRFS 15 Deduction, revenue from water treatment, supply and distribution business recorded a decrease from RM191.8 million to RM175.7 million due to the BSR Reduction and lower metered sales in both SSP1 and Langkawi’s operations.

| <b>Metered Sales –<br/>(million m3)</b> | <b>YTD<br/>2020</b> | <b>YTD<br/>2019</b> | <b>Increase/<br/>(Decrease)</b> |
|---|---------------------|---------------------|---------------------------------|
| SSP1                                    | 261.6               | 268.3               | (0.2%)                          |
| Langkawi                                | 14.43               | 15.31               | (5.8%)                          |

  

| <b>Number of billing<br/>days</b> | <b>YTD<br/>2020</b> | <b>YTD<br/>2019</b> |
|-----------------------------------|---------------------|---------------------|
| SSP1                              | 274                 | 273                 |
| Langkawi                          | 274                 | 273                 |

  

| <b>Average MLD</b> | <b>YTD<br/>2020</b> | <b>YTD<br/>2019</b> | <b>Increase/<br/>(Decrease)</b> |
|--------------------|---------------------|---------------------|---------------------------------|
| SSP1               | 954.7               | 982.9               | (2.8%)                          |
| Langkawi           | 52.63               | 56.04               | (6.1%)                          |

## **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)**

The water metered sales in Langkawi saw a reduction as a result of the MCO where there was a significant drop in the number of tourists to Langkawi. The segment’s operating profit was lower at RM61.0 million compared to RM119.4 million a year ago mainly from the recognition of gain on derecognition of trade receivables and waivers granted by certain trade creditors in the corresponding period as well as from the accrual of termination benefits and other payments and the additional provision for restoration costs in the Langkawi operations in the current financial period.

#### Construction

Revenue decreased substantially to RM8.2 million from RM15.8 million due to the two on-going projects which were substantially completed as at the end of 2019, save for minor works. The revenue in the current period was mainly contribution from the CRJ4 Project. In line with lower revenue, the segment recorded operating losses in both the period.

#### Toll operations-Subsidiary

Revenue contribution from the Cheras-Kajang highway decreased to RM55.1 million from RM66.9 million due to the substantial drop in ADT by 20.7% from 148,351 vehicles per day to 117,601 vehicles per day as a result of the travel restrictions imposed under the MCO. The segment’s operating profit was lower by RM7.3 million in line with the decrease in revenue. However, the impact was mitigated by lower operating costs from cost saving measurements undertaken by the company, lower finance costs from repayment of IMTN and lower charges on amortisation of intangible assets on account of lower ADT in the current financial period.

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

The Group’s share of results in Grand Sepadu was lower compared to the corresponding period on account of lower ADT and toll compensation of RM4.125 million received in the previous financial period. During the financial period, Grand Sepadu recorded lower operating costs from cost saving measurements undertaken by the company, lower finance costs from repayment of first tranche of RM20 million of its Sukuk Murabahah of RM210 million in June 2020 and lower charges on amortisation of intangible assets on account of lower ADT in the current financial period. In terms of overall ADT, there was a decrease of 19.5% i.e. 93,258 vehicles per day compared to 75,056 vehicles per day in the current financial period as result of travel restrictions under the MCO.

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

The Group’s share of losses from SWMEH was RM5.4 million compared to RM10.0 million in the corresponding period due to higher PAT recorded in SWMEH and lower adjustments made by the Group to SWMEH’s PAT. The PAT of SWMEH is higher at RM131.8 million as compared to RM126.3 million due to lower depreciation expenses as well as lower vehicle and equipment related costs in the current period. The adjustments made by the Group to the SWMH’s PAT amounted to RM147.3 million (2019: RM154.7 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**

*Revenue*

|   | <u>3 Months ended</u><br><u>30 Sep 2020</u><br><u>RM’000</u><br><u>unaudited</u> | <u>3 Months ended</u><br><u>30 Jun 2020</u><br><u>RM’000</u><br><u>unaudited</u> |
|---|--|--|
| Water treatment, supply and distribution                                | 56,446   | 57,698   |
| Construction  | 3,240  | 3,272  |
| Toll highway  | 21,629   | 13,817   |
| Others  | 1,316  | 1,316  |
| <b>Total revenue as per Condensed Statement of Comprehensive Income</b> | <b>82,631</b>  | <b>76,103</b>  |

*Profit Before Tax*

|   | <u>3 Months ended</u><br><u>30 Sep 2020</u><br><u>RM’000</u><br><u>unaudited</u> | <u>3 Months ended</u><br><u>30 Jun 2020</u><br><u>RM’000</u><br><u>unaudited</u> |
|---|--|--|
| Water treatment, supply and distribution          | 18,961   | 18,062   |
| Construction                                      | (230)  | (168)  |
| Toll highway                                      | 10,643   | 6,080  |
| Others  | (2,207)  | (2,180)  |
| <b>Operating profit</b>                           | <b>27,167</b>  | <b>21,794</b>  |
| Finance cost                                      | (5,192)  | (5,167)  |
| Share of results of joint venture                 | 506  | 41   |
| Share of results of associates                    | 115  | (962)  |
| <b>Profit before tax for the financial period</b> | <b>22,596</b>  | <b>15,706</b>  |

The Group recorded an increase in revenue from RM76.1 million to RM82.6 million mainly due to higher contribution from toll business, offset by lower revenue from water treatment, supply and distribution business.

The toll division saw improvement in the ADT during the RMCO period although pre-Covid ADT levels have yet to be reached. The ADT at the Cheras-Kajang Highway increased by 77% from the previous quarter, i.e. from 80,464 vehicles per day to 142,619 vehicles per day, whilst the ADT at the Grand Sepadu Highway increased 53% from 57,550 vehicles per day to 88,063 vehicles per day. The segment’s operating profit was higher in line with the higher revenue. Nevertheless, the division had incurred higher charges on amortisation of intangible assets on account of higher ADT in the current quarter.

In contrast, the revenue from water treatment, supply and distribution business was lower due to the drop in metered sales in SSP1. The SSP1 operations also experienced temporary disruptions due to the unscheduled shutdown of SSP1 from pollution that occurred at the Sungai Selangor. Whereas in the Langkawi operations, metered sales picked up due to higher economic activities during the RMCO period. Despite the lower revenue, the segment’s operating profit is higher due to the provision of termination benefits and other payments of RM6.0 million made in the previous quarter to the employees of TLSB in relation to the expiry of the TLSB’s privatisation contract. Other than the accrual of termination benefits and other payments and the additional provision for restoration costs in the Langkawi operations totalling RM1.09 million, the division has also incurred higher rehabilitation, maintenance and upkeep expenses in the current quarter of RM6.94 million (Q2FY20: RM4.59 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 metered sales and the average MLD of metered sales recorded in SSP1 and Langkawi operations were as follows:-

| Metered Sales –<br>(million m3) | Q3 - 2020 | Q2 - 2020 | Decrease |
|---------------------------------|-----------|-----------|----------|
| SSP1                            | 85.0      | 87.2      | (2.5%)   |
| Langkawi                        | 4.65      | 4.45      | 4.5%     |

  

| Number of billing<br>days | Q3-2020 | Q2 - 2020 |
|---------------------------|---------|-----------|
| SSP1                      | 92      | 91        |
| Langkawi                  | 92      | 91        |

  

| Average MLD | Q3 -2020 | Q2 -2020 | Decrease |
|-------------|----------|----------|----------|
| SSP1        | 923.6    | 958.2    | (3.6%)   |
| Langkawi    | 50.54    | 48.9     | 3.3%     |

On the other hand, the construction division’s revenue was almost the same compared to previous quarter due to contribution from CRJ4 Project. Nevertheless, the segment recorded operating losses for both the quarters due to low revenue achieved.

The Group’s share of losses from SWMEH is lower in the current quarter due to lower depreciation expenses.

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

|                                       | <u>9 Months ended</u><br><u>30 Sep 2020</u><br><u>RM’000</u><br><u>unaudited</u> | <u>9 Months ended</u><br><u>30 Sep 2019</u><br><u>RM’000</u><br><u>unaudited</u> | Variance<br>(%) |
|---------------------------------------|--|--|-----------------|
| Net cash from operating activities    | 5,379  | 105,657  | (95)            |
| Net cash from investing activities    | 229,562  | 4,268  | >100            |
| Net cash used in financing activities | (238,684)  | (78,758)   | (>100)          |

Net cash generated from operating activities was lower by RM100.3 million as compared to last year due to scheduled debt repayments made during the financial period by SHSB to its trade payables amounting to RM41.0 million. Higher net cash generated in previous year were primarily due to receipt of an Upfront Sum amounting to RM71.6 million from SPLASH pursuant to the termination and settlement agreement as further disclosed in Note 25(b) to the Audited Financial Statements.

Net cash generated from investing activities was higher by RM225.3 million primarily due to the higher proceeds from redemption of investments designated at FVTPL as well as decrease in deposits pledged as security during the financial period.

Net cash outflow from financing activities was higher by RM159.9 million mainly due to repayment of borrowings and dividends payment to shareholders during the financial period.

## **B2 – Current Year Prospects**

The operating profit of the Group is largely driven by the performance of the water treatment, supply and distribution business and to a certain extent the toll division as these segments contribute the bulk of the profits to the Group. The disposal of receivables due from Air Selangor to a special purpose vehicle under an asset-backed securitisation exercise completed in December of last year, had raised a considerable amount of cash to the Group, which in turn; provided the Group with opportunities to pursue its business strategies and to pay sustainable dividends to shareholders. Payments from Air Selangor have been prompt and this ensures that SHSB is able to properly manage its working capital requirements to pay its creditors and to meet its obligations including the rehabilitation and maintenance of SSP1 are adequately attended to. However, the Group's involvement in the Langkawi operations has ceased with the expiry of the privatisation of the Langkawi water supply contract on 31 October 2020. With the cessation of Langkawi operations, the revenue and profitability of the Group will be impacted towards the last quarter of the year. For the nine months ended 30 September 2020, TLSB recorded an unaudited revenue and PBT of RM45.42 million and RM8.33 million respectively.

In the toll highway division, the impact of the MCO had been severe to dent the toll collection. ADT had dropped significantly at the onset of the MCO in March 2020, although it did somewhat recovered with the resumption of economic and social activities since 4 May 2020. For the three months ended 30 September 2020, the ADT at the Cheras-Kajang Highway stood at 142,619 vehicles/day compared to an ADT of 148,161 for the whole of 2019. Whereas, at the Grand Sepadu Highway, the ADT for the three months ended 30 September 2020 was recorded at 88,063 vehicles/day compared to an ADT of 93,372 for the whole of 2019. Nevertheless, with the recent re-implementation of Conditional MCO in Selangor, and Federal Territory and Putrajaya from 14 October to 6 December 2020 and the Work from Home directive, the traffic volume for both the highways, as expected, had decreased. As compared to the third quarter, the performance for the fourth quarter will hinge on the Covid-19 situation. However, as disclosed in Note A8(b), the Group might see better results from its share of joint-venture in the next quarter from a toll compensation of RM16.97 million received which will be recognised in the next quarter. In respect of the proposed toll restructuring initiated by the previous Federal Government, there is no outcome as of to-date.

In the waste management division, although SWMEH recorded a 2.1% drop in revenue, primarily from public cleansing services, the division achieved better profit performance as a result of lower operating expenditure. This was mainly from lower depreciation charges from a decrease in capital expenditure and lower fuel costs. Revenue from solid waste collection increased 2.2% year-in-year and is expected to grow with the increasing areas to be serviced. SWMEH is currently in the process of negotiating a tariff rate increase for its solid waste collection and public cleansing management services with the Federal Government under the terms of its concession agreement. Whilst the progress is on-going, there is still no outcome.

In the construction segment, CRJ4 Project is the only remaining on-going project undertaken by the Group and it is unlikely for the Group to secure additional projects that will be able to contribute to the Group by end of the financial year. Nevertheless, the Group is continuing with its efforts to tender for more infrastructure projects to replenish its order book.

As the Group is predominantly involved in businesses that provide essential services to the public, the Covid-19 outbreak does not materially impact the business outlook, liquidity, financial position or financial performance of the Group save for the toll and construction businesses and the significant reduction in metered sales recorded in the Langkawi operations. In order to sustain the business operations and to enable the Group to continue as a going concern in the post Covid-19 environment, the Group has implemented several strategies and steps to address the impact of Covid-19, amongst others:



## B2 – Current Year Prospects (continued)

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

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

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

## B3 – Profit Forecasts or Profit Guarantees

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

## B4 – Profit before tax

|  | <u>3 Months ended 30 Sep</u> |                  | <u>9 Months ended 30 Sep</u> |                  |
|--|------------------------------|------------------|------------------------------|------------------|
|  | <u>2020</u>                  | <u>2019</u>      | <u>2020</u>                  | <u>2019</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                                  | 545                          | 913              | 2,031                        | 2,667            |
| Dividend from investments designated at FVTPL  | 2,353                        | 200              | 9,132                        | 896              |
| Rental income  | 80                           | 108              | 469                          | 367              |
| (Decrease in gain)/Gain on redemption of investments designated at FVTPL               | (55)                         | 4                | 1,165                        | 21               |
| (Decrease in gain)/Gain on foreign exchange (unrealised)                               | (1)                          | 1                | 4                            | 1                |
| Decrease in interest income imputed on retention sum                                   | -                            | (62)             | -                            | -                |
| Fair value changes   | 12                           | 83               | 127                          | 481              |
| Reversal of loss allowance on trade receivables and amount due from contract customers | 59                           | 1,820            | 70                           | 2,439            |
| Waiver of rental ( <i>Note A1(ii)</i> )  | -                            | -                | 167                          | -                |
| Gain on derecognition of trade receivable  | -                            | 40,883           | -                            | 40,883           |
| Waiver granted by trade payables   | -                            | 15,691           | -                            | 12,322           |

#### **B4 – Profit before tax (continued)**

*Cost of operations, administrative and other expenses:*

|  |         |         |          |          |
|--|---------|---------|----------|----------|
| Depreciation and amortisation  | (8,519) | (8,574) | (21,782) | (25,565) |
| Termination benefits and other payments  | (587)   | -       | (6,587)  | -        |
| Imputed interest on borrowing  | (138)   | (138)   | (410)    | (410)    |
| Gain/(Loss) on redemption of investments designated at FVTPL                         | (9)     | (3)     | (66)     | (77)     |
| Gain/(Loss) on fair value changes  | 15      | 11      | (387)    | (11)     |
| Loss on foreign exchange (unrealised)  | -       | (1)     | -        | (2)      |
| Loss allowance on trade and other receivables and amount due from contract customers | (139)   | (14)    | (280)    | (42)     |
| Reversal of interest income imputed on retention sum                                 | (57)    | (60)    | (73)     | (60)     |

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

#### **B5 – Income Tax Expense**

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

|                                | <u>3 Months ended 30 Sep</u> |                  | <u>9 Months ended 30 Sep</u> |                  |
|--------------------------------|------------------------------|------------------|------------------------------|------------------|
|                                | <u>2020</u>                  | <u>2019</u>      | <u>2020</u>                  | <u>2019</u>      |
|                                | <u>RM'000</u>                | <u>RM'000</u>    | <u>RM'000</u>                | <u>RM'000</u>    |
|                                | <u>unaudited</u>             | <u>unaudited</u> | <u>unaudited</u>             | <u>unaudited</u> |
| Income tax:                    |                              |                  |                              |                  |
| -Current year tax              | 2,790                        | (4,892)          | 11,505                       | 3,828            |
| -Over provision in prior years | -                            | (146)            | -                            | (146)            |
| -Deferred tax expense          | 1,085                        | 13,368*          | (269)                        | 12,775           |
| Total income tax expense       | <u>3,875</u>                 | <u>8,330</u>     | <u>11,236</u>                | <u>16,457</u>    |

\* Included in the amount is the tax effects of the loss allowances on trade receivables reversed amounting to RM16.1 million as a result of completion of termination and settlement agreement with Air Selangor and SPLASH in the corresponding quarter.

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

As at 9 November 2020 (being a date not earlier than 7 days from the date of these interim financial statements), there were no corporate proposals announced but not completed as at end of the reporting period.

## B7 – Group Borrowings and Debt Securities

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

|                                  | ←-----Short Term-----→          |                                   |                               | ←-----Long Term-----→           |                                   |                               |
|----------------------------------|---------------------------------|-----------------------------------|-------------------------------|---------------------------------|-----------------------------------|-------------------------------|
|                                  | <u>Secured</u><br><u>RM'000</u> | <u>Unsecured</u><br><u>RM'000</u> | <u>Total</u><br><u>RM'000</u> | <u>Secured</u><br><u>RM'000</u> | <u>Unsecured</u><br><u>RM'000</u> | <u>Total</u><br><u>RM'000</u> |
| <b>IMTN</b>                      |                                 |                                   |                               |                                 |                                   |                               |
| As at 30 Sep 2020<br>(unaudited) | 30,000                          | -                                 | 30,000                        | 358,021                         | -                                 | 358,021                       |
| As at 30 Sep 2019<br>(unaudited) | 30,000                          | -                                 | 30,000                        | 358,021                         | -                                 | 358,021                       |
|                                  | -                               | 44,322                            | 44,322                        | 417,473                         | 20,000                            | 437,473                       |

The decrease in the Group's borrowings was mainly due to repayment of revolving credit facilities and redemption of the first tranche of the IMTN upon maturity during the financial period.

## B8 – Changes in Material Litigations

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

## B9 – Dividends

The Board is pleased to declare a third interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares amounting to approximately RM33,260,988, in respect of the financial year ending 31 December 2020, to be payable on 31 December 2020.

For the financial year ending 31 December 2020, the Board has declared a total single-tier dividend of 4.95 sen to shareholders amounting to RM99,782,964 (2019: 3.6 sen per share amounting to RM72,569,433).

## B10 – Earnings Per Share (“EPS”)

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the reporting date.

|  | <u>3 Months ended 30 Sep</u> |                  | <u>9 Months ended 30 Sep</u> |                  |
|--|------------------------------|------------------|------------------------------|------------------|
|  | <u>2020</u>                  | <u>2019</u>      | <u>2020</u>                  | <u>2019</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) | 16,182                       | 72,635           | 43,788                       | 94,997           |
| Weighted average number of ordinary shares in issue ('000)                     | 2,015,817                    | 2,015,817        | 2,015,817                    | 2,015,817        |
| Basic earnings per share (sen)   | <u>0.80</u>                  | <u>3.60</u>      | <u>2.17</u>                  | <u>4.71</u>      |

### (b) Diluted earnings per share

The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the financial period.

## B11 – Auditors’ Reports

The auditors’ report on the financial statements of the Group and the Company for the most recent Audited Financial Statements were not subject to any qualification.

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

As at the end of the financial period, included in the investment designated at FVTPL, deposits, bank and cash balances totalling RM494.6 million are approximately: -

- (i) RM55.2 million held as securities for banking facilities secured by the Group; and
- (ii) RM32.2 million held in a subsidiary that is subject to restrictions imposed under an IMTN program.

## B13 – Restatement of Comparatives

Certain comparative figures in this interim financial statements have been reclassified to conform with the presentation in the latest Audited Financial Statements:-

|   | <u>As previously<br/>reported<br/>RM’000</u> | <u>Reclassification<br/>adjustments<br/>RM’000</u> | <u>As restated<br/>RM’000</u> |
|---|--|--|-------------------------------|
| <b>(a) Condensed Statements of Comprehensive Income</b> |  |  |                               |
| <u>3 Months ended 30 Sep 2019</u>                       |  |  |                               |
| Other operating income                                  | 121,248                                      | (61,188)   | 60,060                        |
| Administrative and other expenses                       | (70,216)                                     | 61,188   | (9,028)                       |
| <br><u>9 Months ended 30 Sep 2019</u>                   |  |  |                               |
| Other operating income                                  | 125,581                                      | (64,557)   | 61,024                        |
| Administrative and other expenses                       | (92,110)                                     | 64,557   | (27,553)                      |
| <br><b>(b) Condensed Statements of Cash flows</b>       |  |  |                               |
| <u>9 Months ended 30 Sep 2019</u>                       |  |  |                               |
| Repayment of operating lease interest                   | (765)  | 765  | -                             |
| Interest paid   | (22,577)                                     | (765)  | (23,342)                      |
| Repayment of finance lease payables                     | (58)   | 58   | -                             |
| Repayment of operating lease payables                   | (1,514)                                      | 1,514  | -                             |
| Repayment of lease liabilities                          | -  | (1,572)  | (1,572)                       |

## 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  
Tan Bee Hwee (MAICSA 7021024)  
Wong Wai Foong (MAICSA 7001358)  
Company Secretaries  
16 November 2020