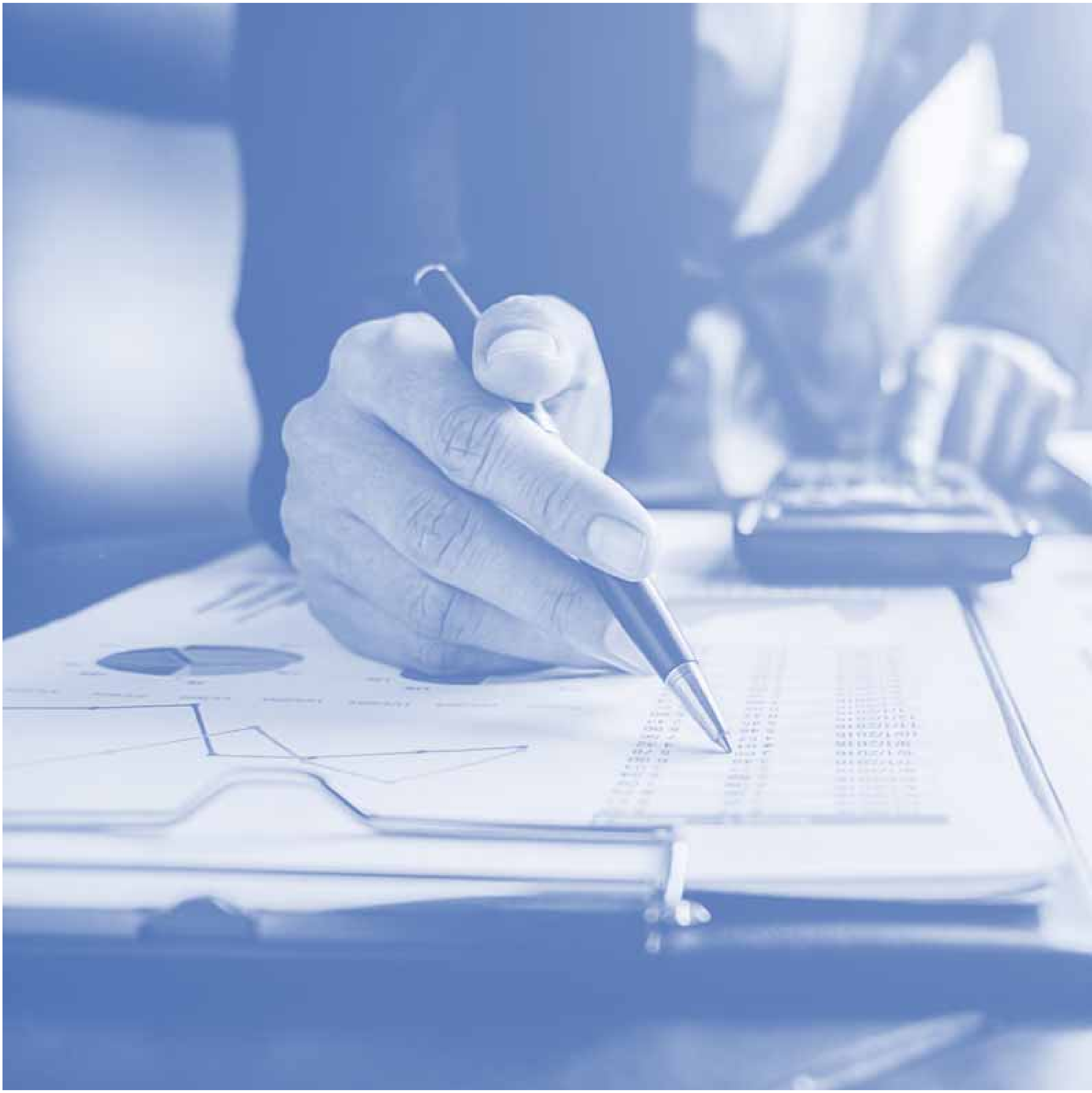

FINANCIAL STATEMENTS

05

Financial Statements

The directors of **TALIWORKS CORPORATION BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of contracting, project and management services.

The information on the name, principal place of business, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 20 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	113,975	435,664
Income tax (expense)/credit	(11,614)	183
Profit for the year	102,361	435,847
Profit attributable to:		
Owners of the Company	78,500	435,847
Non-controlling interests	23,861	-
	102,361	435,847

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The dividends on ordinary shares declared and paid by the Company since the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2020 and dealt with in the previous year's Directors' Report:	
Fourth interim single-tier dividend of 1.65 sen per share paid on 31 March 2021	33,261
In respect of the financial year ended 31 December 2021:	
First interim single-tier dividend of 1.65 sen per share paid on 30 June 2021;	33,261
Second interim single-tier dividend of 1.65 sen per share paid on 30 September 2021; and	33,261
Third interim single-tier dividend of 1.65 sen per share paid on 31 December 2021	33,261
	133,044

Subsequent to the end of the financial year, on 22 February 2022, the directors declared the payment of a fourth interim single-tier dividend of 1.65 sen per share on 2,015,817,574 ordinary shares, amounting to approximately RM33,260,990 in respect of the current financial year to be paid on 25 March 2022. This dividend has not been included as a liability in the statements of financial position as of 31 December 2021. The dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2022.

The directors do not recommend any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no new shares or debentures issued during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz
Dato' Lim Yew Boon
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin
Dato' Sri Amrin Bin Awaluddin
Soong Chee Keong
Ahmad Jauhari Bin Yahya
Datuk Roger Tan Kor Mee
Lim Chin Sean

The directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Abdul Razak Bin Hashim
Chee Lean Thong
Chew Hoong Cheong
Chin Soong Jin
Datin Lee Li May
Dato' Lim Chee Meng
Dato' Lim Yew Boon
Lim Siew Ling
Mohamad Hafiz Bin Kassim
Norsam @ Norsamsida Binti Hassan
Phang Kwai Sang
Teh Siok Wah
Wang Kwee Luan
Wong Voon Leong
Wong Wai Meng
Zulfikri Bin Suboh
Azrina Binti Mohd Isa (alternate director to Mohamad Hafiz Bin Kassim)
Seow Hooi Ju (resigned on 7 February 2022)

DIRECTORS' INTERESTS

The interest in shares and options over shares in the Company and in the related corporation of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Number of Ordinary Shares			
	Balance as at 1.1.2021	Bought	Sold	Balance as at 31.12.2021
Shares in the Company				
Direct interest				
Dato' Lim Yew Boon	625,000	375,000	-	1,000,000
Lim Chin Sean	250,006	-	-	250,006
Indirect interest				
Lim Chin Sean#	1,006,833,333	-	-	1,006,833,333

\# Deemed interest by virtue of his interest in corporate shareholders pursuant to Section 8(4) of the Companies Act, 2016.

By virtue of his interest in the Company, he is also deemed to have an interest in the shares of all the Company's subsidiaries to the extent the Company has an interest pursuant to Section 8(4) of the Companies Act, 2016.

Other than disclosed above, none of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares and options over shares in the Company or its related corporation during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefits which may be deemed to have arisen by virtue of the transactions between the Company and/or its subsidiaries and companies in which certain directors of the Company or persons connected with such directors have an interest as disclosed in Note 45 to the financial statements.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for the purposes of Section 289 of the Companies Act, 2016, throughout the year, amounting to RM10,000,000, which provides indemnity coverage for the directors and officers of the Company and its subsidiaries. The amount of insurance premium paid during the year amounted to RM18,984 (inclusive of Sales and Service Tax and stamp duty).

There was no indemnity given to or insurance effected for auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 48 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount payable as remuneration to the auditors for the financial year ended 31 December 2021 is disclosed in Note 9 to the financial statements.

Signed on behalf of the Board
in accordance with a resolution of the directors,

DATO' LIM YEW BOON

LIM CHIN SEAN

Kuala Lumpur,
31 March 2022

STATEMENT BY DIRECTORS

The directors of **TALIWORKS CORPORATION BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board
in accordance with a resolution of the directors,

DATO' LIM YEW BOON

LIM CHIN SEAN

Kuala Lumpur,
31 March 2022

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **WONG VOON LEONG (CA 7225)**, the officer primarily responsible for the financial management of **TALIWORKS CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

WONG VOON LEONG

Subscribed and solemnly declared by the abovenamed **WONG VOON LEONG** at **KUALA LUMPUR** this 31st day of March, 2022.

Before me,

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
W788
SHI' ARATUL AKMAR
BINTI SAHARI
1.1.2022 - 31.12.2024
MALAYSIA

No. 12-1, Jalan 9/23A,
Medan Makmur,
Off Jalan Usahawan, Setapak,
53200 Kuala Lumpur.

INDEPENDENT AUDITORS' REPORT

To the Members of Taliworks Corporation Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **TALIWORKS CORPORATION BERHAD**, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 200 to 300.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report
To the Members of Taliworks Corporation Berhad
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key audit matters	How the matter was addressed in the audit
Impairment assessment of goodwill	
As at 31 December 2021, the Group has goodwill of RM129,385,000 relating to a subsidiary, Cerah Sama Sdn. Bhd. ("CSSB") which arose from a restructuring exercise in August 2015. The goodwill is allocated to the Toll Highway cash generating unit (the "Toll CGU"). In performing the impairment assessment of goodwill, management is required to estimate the recoverable amount of the Toll CGU. The recoverable amount is calculated based on an estimation of the present value of the future cash flows expected to be generated ("value-in-use model"). The key bases and assumptions used in the value-in-use model involve a significant degree of management judgements and estimates, such as the traffic volume, which was projected by an external traffic expert engaged to assist management. Refer to key bases and assumptions used as disclosed in Note 24.	Our audit procedures, amongst others, included the following: • Performed inquiries with the management to understand and evaluate the process and controls in developing the value-in-use model; • Evaluated the appropriateness of the methodology of the management's value-in-use model, including the verification of the mathematical accuracy of the underlying calculations and understanding the basis for management judgements and estimates; • Performed retrospective review of the cash flow projections used in the value-in-use model to assess the reliability of the management's estimates; • Involved our internal valuation specialists in assessing the appropriateness of the value-in-use model and the discount rate used; • Evaluated the work of our internal valuation specialists which includes the relevance and reasonableness of their findings or conclusions; • Challenged the reasonableness of the key bases and assumptions underpinning the value-in-use model, such as the traffic volume growth rate and the discount rate used; • Performed sensitivity analysis on the key assumptions to assess if any reasonably possible change in these assumptions can lead to an impairment loss; • Assessed the results of the impairment assessment by comparing the recoverable amount of the Toll CGU to its carrying amount; and • Assessed the adequacy and appropriateness of the disclosures made in the financial statements.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

Independent Auditors' Report
To the Members of Taliworks Corporation Berhad
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 20 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

WONG KAR CHOON
Partner - 03153/08/2022 J
Chartered Accountant

Kuala Lumpur,
31 March 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	The Group		The Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	6	302,577	317,880	448,658	198,821
Cost of operations	7	(162,882)	(194,221)	(9,666)	(11,267)
Gross profit		139,695	123,659	438,992	187,554
Other operating income	8	13,997	20,009	2,404	1,458
Administrative and other expenses	9	(34,927)	(46,769)	(4,923)	(4,159)
Finance costs	10	(19,105)	(21,212)	(809)	(1,382)
Share of results of joint venture		5,999	4,693	-	-
Share of results of associates		8,316	(1,864)	-	-
Profit before tax		113,975	78,516	435,664	183,471
Income tax (expense)/credit	13	(11,614)	(14,985)	183	(187)
Profit for the year/Total comprehensive income		102,361	63,531	435,847	183,284
Profit for the year/Total comprehensive income for the year attributable to:					
Owners of the Company		78,500	59,487	435,847	183,284
Non-controlling interests		23,861	4,044	-	-
		102,361	63,531	435,847	183,284

	Note	The Group 2021	The Group 2020
Earnings per share attributable to owners of the Company (sen)			
Basic and diluted	14	3.89	2.95

The accompanying Notes form an integral part of the financial statements

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	15	6,133	8,941	1,081	2,130
Right-of-use assets	16	9,843	12,304	9,843	12,304
Investment properties	17	212	219	212	219
Intangible assets	19	1,016,966	1,044,806	-	-
Investment in subsidiaries	20	-	-	319,507	319,507
Investment in joint venture	21	67,601	62,952	67,173	67,173
Investment in associates	22	153,123	160,347	230,784	230,724
Other investment	23	240	240	-	-
Goodwill on consolidation	24	129,385	129,385	-	-
Long-term other receivable	30	18,379	21,909	-	-
Deposits, cash and bank balances	27	48,449	53,231	4,516	4,613
Total Non-Current Assets		1,450,331	1,494,334	633,116	636,670
Current Assets					
Inventories	28	2,287	2,901	-	-
Amount due from contract customers	29	6,581	11,991	308	3,984
Trade receivables	26	50,523	91,716	-	-
Other receivables, deposits and prepayments	30	11,346	11,826	1,448	1,405
Tax recoverable		12,678	11,304	141	-
Investment designated at fair value through profit or loss	32	346,443	386,326	300,850	5
Deposits, cash and bank balances	27	62,228	64,617	9,522	6,118
		492,086	580,681	312,269	11,512
Assets held-for-sale	18	694	-	-	-
Total Current Assets		492,780	580,681	312,269	11,512
TOTAL ASSETS		1,943,111	2,075,015	945,385	648,182

Statements of Financial Position
As at 31 December 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	33	438,354	438,354	438,354	438,354
Merger deficit	34	(71,500)	(71,500)	-	-
Retained earnings	35	537,949	592,493	490,825	188,022
Total Equity Attributable to Owners of the Company		904,803	959,347	929,179	626,376
Non-controlling interests		252,646	248,385	-	-
Total Equity		1,157,449	1,207,732	929,179	626,376
Deferred and Non-Current Liabilities					
Long-term borrowings	36	328,540	358,159	-	-
Lease liabilities	37	9,950	12,625	9,950	12,625
Long-term trade payables	38	893	17,039	-	-
Long-term other payables	41	-	6,675	-	-
Provisions	39	24,952	23,539	809	809
Deferred income	40	77,790	92,641	-	-
Deferred tax liabilities	25	234,196	234,987	-	-
Total Deferred and Non-Current Liabilities		676,321	745,665	10,759	13,434
Current Liabilities					
Trade payables	38	41,516	44,853	-	-
Other payables and accruals	41	17,624	26,372	1,738	2,436
Amount due to subsidiaries	31	-	-	1,034	3,125
Provisions	39	563	2,207	-	-
Short-term borrowings	36	30,000	30,000	-	-
Lease liabilities	37	2,675	2,705	2,675	2,705
Deferred income	40	14,864	15,375	-	-
Tax liabilities		2,099	106	-	106
Total Current Liabilities		109,341	121,618	5,447	8,372
Total Liabilities		785,662	867,283	16,206	21,806
TOTAL EQUITY AND LIABILITIES		1,943,111	2,075,015	945,385	648,182

The accompanying Notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

The Group	Note	Share capital RM'000	Non-distributable reserve Merger deficit RM'000	Distributable reserve Retained earnings RM'000	Attributable to Owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As at 1 January 2020		438,354	(71,500)	666,050	1,032,904	260,021	1,292,925
Profit for the year/Total comprehensive income for the year		-	-	59,487	59,487	4,044	63,531
Total comprehensive income for the year		-	-	59,487	59,487	4,044	63,531
Transactions with Owners of the Company:							
Dividends paid	42	-	-	(133,044)	(133,044)	-	(133,044)
Dividends paid by a subsidiary to non-controlling interest		-	-	-	-	(15,680)	(15,680)
Total transactions with Owners of the Company		-	-	(133,044)	(133,044)	(15,680)	(148,724)
As at 31 December 2020		438,354	(71,500)	592,493	959,347	248,385	1,207,732
As at 1 January 2021		438,354	(71,500)	592,493	959,347	248,385	1,207,732
Profit for the year/Total comprehensive income for the year		-	-	78,500	78,500	23,861	102,361
Total comprehensive income for the year		-	-	78,500	78,500	23,861	102,361
Transactions with Owners of the Company:							
Dividends paid	42	-	-	(133,044)	(133,044)	-	(133,044)
Dividends paid by a subsidiary to non-controlling interest		-	-	-	-	(19,600)	(19,600)
Total transactions with Owners of the Company		-	-	(133,044)	(133,044)	(19,600)	(152,644)
As at 31 December 2021		438,354	(71,500)	537,949	904,803	252,646	1,157,449

Statements of Changes in Equity
For the Year Ended 31 December 2021

The Company	Note	Share capital RM'000	Distributable reserve- Retained earnings RM'000	Total equity RM'000
As at 1 January 2020		438,354	137,782	576,136
Profit for the year/Total comprehensive income for the year		-	183,284	183,284
Total comprehensive income for the year		-	183,284	183,284
Transactions with Owners of the Company:				
Dividends paid	42	-	(133,044)	(133,044)
As at 31 December 2020		438,354	188,022	626,376
As at 1 January 2021		438,354	188,022	626,376
Profit for the year/Total comprehensive income for the year		-	435,847	435,847
Total comprehensive income for the year		-	435,847	435,847
Transactions with Owners of the Company:				
Dividends paid	42	-	(133,044)	(133,044)
As at 31 December 2021		438,354	490,825	929,179

The accompanying Notes form an integral part of the financial statements

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit before tax	113,975	78,516	435,664	183,471
Adjustments for:				
Net (gain)/loss arising on financial assets measured at fair value through profit or loss	(367)	325	(198)	-
Net loss/(reversal of) allowance on receivables and amount due from contract customers	798	(146)	(119)	(70)
Amortisation of intangible assets	27,840	25,992	-	-
Finance costs	19,105	21,212	809	1,382
Depreciation of:				
Property, plant and equipment	3,165	3,697	1,132	1,178
Investment properties	7	7	7	7
Right-of-use assets	2,461	2,461	2,461	2,461
Provision for heavy repairs	4,222	4,168	-	-
Provision for restoration cost	165	2,093	-	-
Impairment of amount owing from a subsidiary	-	-	-	50
Written off of property, plant and equipment	33	27	-	24
Unrealised foreign exchange (gain)/loss - net	-	(5)	(2)	1
Interest expense imputed in borrowings	381	547	-	-
Interest income imputed in retention sums	41	65	-	-
Deferred income recognised:				
Government compensation	(15,375)	(15,966)	-	-
Rental and maintenance fee	(120)	(117)	-	-
Interest income	(2,081)	(2,728)	(481)	(249)
Share of results of:				
Joint venture	(5,999)	(4,693)	-	-
Associates	(8,316)	1,864	-	-
Investment designated at fair value through profit or loss:				
Dividend income	(6,418)	(11,222)	(648)	(96)
Loss/(Gain) on redemption	270	(1,114)	-	(36)
Gain on disposal of property, plant and equipment	(1,102)	(98)	-	(4)
COVID-19 related rent concessions	-	(167)	-	(167)
Reversal of gain/(Gain) on modification of other payables	408	(408)	-	-
Reversal of gain on modification on trade payables	941	1,833	-	-
Dividend income	-	-	(437,270)	(185,546)
Operating Profit Before Working Capital Changes	134,034	106,143	1,355	2,406

Statements of Cash Flows
For the Year Ended 31 December 2021

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Decrease/(Increase) in:				
Inventories	614	(1,734)	-	-
Amount due from contract customers	5,324	3,986	3,795	1,768
Trade and other receivables	45,031	22,632	(43)	(366)
Decrease in:				
Trade and other payables	(36,980)	(74,735)	(698)	(1,720)
Provisions	(4,618)	(2,254)	-	-
Deferred income	133	-	-	-
Cash Generated From Operations	143,538	54,038	4,409	2,088
Income tax paid	(11,804)	(15,198)	(64)	(87)
Income tax refunded	18	272	-	272
Net Cash From Operating Activities	131,752	39,112	4,345	2,273
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES				
Interest received	1,541	2,728	481	249
Net decrease in amount due from subsidiaries and associates	-	-	(2,091)	(3,515)
Property, plant and equipment:				
Proceeds from disposal	1,182	99	-	4
Purchases	(1,164)	(451)	(83)	(119)
Dividends received from:				
Subsidiaries	-	-	420,320	173,570
Joint venture	1,350	7,650	1,350	7,650
Associates	15,600	4,326	15,600	4,326
Investment designated at fair value through profit or loss:				
Dividend income	6,418	11,222	648	96
Purchase	(366,425)	(56,222)	(300,652)	(6,096)
Proceeds from redemption	406,405	255,746	5	32,632
Increase in investment in a joint venture	(60)	-	(60)	-
(Placement)/Withdrawals of deposits pledged as security	4,782	4,953	97	(41)
Net Cash From Investing Activities	69,629	230,051	135,615	208,756

Statements of Cash Flows
For the Year Ended 31 December 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES					
Interest paid		(18,421)	(21,725)	(809)	(1,382)
Dividends paid		(133,044)	(157,234)	(133,044)	(157,234)
Dividends paid by a subsidiary to non-controlling interests		(19,600)	(15,680)	-	-
Repayments of borrowings		(30,000)	(80,000)	-	(50,000)
Repayment of lease liabilities		(2,705)	(2,436)	(2,705)	(2,436)
Net Cash Used In Financing Activities		(203,770)	(277,075)	(136,558)	(211,052)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,389)	(7,912)	3,402	(23)
Effects of foreign exchange rate changes		-	5	2	(1)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		64,617	72,524	6,118	6,142
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	27	62,228	64,617	9,522	6,118

The accompanying Notes form an integral part of the financial statements

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding, provision of contracting, project and management services.

The information on the name, principal place of business, principal activities and percentage of issued share capital held by the holding company in each subsidiary is as disclosed in Note 20.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

The principal place of business of the Company is located at Level 19, Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company are presented in their functional currency which is Ringgit Malaysia ("RM").

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 31 March 2022.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

Adoption of revised MFRSs

In the current financial year, the Group and the Company adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual financial periods beginning on or after 1 January 2021 as follows:

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform - Phase 2

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

Early adoption of Amendment to MFRS 16 Leases - COVID-19 Related Rent Concessions Beyond 30 June 2021 ("the Amendment") which is effective for annual reporting periods beginning on or after 1 April 2021

The Amendment extends the availability of the previous practical expedient, namely Amendment to MFRS 16 Leases-COVID-19 Related Rent Concessions (effective for annual reporting periods beginning on or after 1 June 2020) which has been early adopted by the Group and the Company in the previous financial year. The Amendment grants an optional exemption for lessees from assessing whether a rent concession related to COVID-19 is a lease modification under MFRS 16. If the exemption is elected, lessees could elect to account for COVID-19 rent concessions in the same way as they would if they were not lease modifications.

The exemption only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions set out in paragraph 46B of the Amendment are met.

The Group and the Company did not make use of the exemption available in the Amendment during the financial year except for in 2020, where the Company 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. Arising thereof, the Group and the Company recognised an income from the waiver of rental in the previous financial year amounting to RM167,000 as disclosed in Note 8 to reflect changes in lease payments that arose from the rent concessions.

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

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

MFRS 17	Insurance Contracts[2]
Amendments to MFRS 17	Insurance Contracts[2]
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 - Comparative Information[2]
Amendments to MFRS 108	Definition of Accounting Estimates[2]
Amendments to MFRS 101	Disclosure of Accounting Policies[2]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to MFRS 3	Reference to the Conceptual Framework[1]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[1]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[1]
Annual Improvement to MFRS Standards 2018-2020[1]	

[1] Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced by MASB.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Group and of the Company have been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transactions that are within the scope of MFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value in use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of Consolidation (Cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (a) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (b) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsidiaries

Investments in subsidiaries which are eliminated on consolidation are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the aquiree are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the aquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measured period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is re-measured at subsequent reporting dates in accordance with MFRS 137 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business Combinations (Cont'd)

When a business combination is achieved in stages, the Group's previously held equity interests in the acquiree are re-measured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, when such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill is initially recognised and measured as set out in "Business Combinations".

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in "Investments in Associates and Joint Venture".

Investments in Associates and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associate or joint venture are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its shares of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Investments in Associates and Joint Venture (Cont'd)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the costs of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Company continues to use the equity method, the Group classifies to profit or loss the proportion of the gain or loss that had previously been recognised in the other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or joint venture of the Group, profit or losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of the Group's interest in the associate or joint venture that are not related to the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Revenue Recognition

Revenue is recognised when a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group estimates the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The 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.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

(i) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

Performance obligations by segment are as follows:

Construction segments

The Group constructs infrastructure facilities under a specific/individual contract with customers. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group. Revenue from construction contracts is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under MFRS 15.

The Group becomes entitled to invoice customers for construction claims at the end of every calendar month. The customer is sent a statement showing the amount of work executed and supporting documents and an invoice for the related progress billing. The Group will previously have recognised an "amount due from contract customer" for any work performed, of which it will be reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billings exceed the revenue recognised to date under the cost-to-cost method, then the Group recognises an "amount due to contract customer" for the difference. This is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue under the cost-to-cost method and the progress billing is always less than one year.

The directors have performed assessment on the following projects and related findings are disclosed below:

(a) *The proposed development of Langat 2 water treatment plant and water reticulation system in Selangor and Wilayah Persekutuan Kuala Lumpur*

The Group has performed assessment that sectional completion is indicated in the contract. Thus, a separate performance obligation has been identified due to separate defects liability periods for each section and the customer may benefit from them on each distinct section. Each section's transaction price has been allocated from the overall contract price for this contract by first determining the relative revenue attributable for the respective sections of the construction work, and thereafter assign the proportionate percentage of revenue to the total estimated construction costs to derive the estimated contract costs for each section. The Group had a process in place in capturing and tracking the actual costs incurred for each distinct section in relation to revenue recognition. Revenue is recognised for each of these performance obligations when control over the corresponding services is transferred to the customer.

Based on the assessment of the above, the Group estimates that the impact of the revenue allocation to each section and timing of recognition of revenue and associated costs to fulfil the contract will not be significantly different from that currently determined.

(b) *The proposed construction and completion of the Ganchong water treatment works, main distribution pipeline, booster pump stations and associated works in Pekan, Pahang Darul Makmur*

The Group received an upfront payment from the customer. To determine whether there is a significant financing component in the contract, the directors consider the nature of the service being offered and the purpose of the payment terms. The Group received a single upfront amount, not with the primary purpose of obtaining financing from the customer but, instead, to manage the risks associated with providing the service. Arising thereof, the transaction price of this project would not be adjusted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue Recognition (Cont'd)

Toll segment

The revenue from toll segment is derived from toll collection and Government compensation due to deferment of toll hike compensation from the Government.

The Group recognises revenue from toll collection at a point-in-time as and when toll is chargeable for the usage of its highways while the compensation is recognised as and when recovery is probable and the amount that is recoverable can be measured reliably.

Water treatment, supply and distribution segment

The revenue from water treatment, supply and distribution segment operated by subsidiaries is derived from the operations and maintenance contract for the Sungai Selangor Water Treatment Plant Phase 1 owned by Pengurusan Air Selangor Sdn. Bhd which supplies treated potable water to large parts of Selangor and Kuala Lumpur, and the water treatment, supply and distribution system for the entire Pulau Langkawi in Kedah. However, the Langkawi's Privatisation Contract with the State Government of Kedah Darul Aman referred to in Note 26(a) has expired on 31 October 2020.

The Group recognises revenue from water treatment, supply and distribution segment at a point-in-time as and when each cubic meter of treated water is produced for Pengurusan Air Selangor Sdn. Bhd. customers.

Other revenue

Revenue from other sources are recognised as follows:

(i) interest income is recognised on an accrual basis using the effective interest method;

(ii) dividend income is recognised when the right to receive payment is established;

(iii) management fee income is recognised on an accrual basis, by reference to the agreements entered into; and

(iv) rental income is recognised on a straight-line basis over the tenure of the lease.

Deferred Income

Deferred income comprises the following:

(i) Fees received by a subsidiary, Grand Saga Sdn. Bhd; from third parties for the use of ancillary facilities along the Cheras-Kajang Highway, which is recognised in profit or loss on a straight-line basis over the concession period; and

(ii) Government compensation received by a subsidiary, Grand Saga Sdn. Bhd; as a result of changes made to the terms and conditions of the concession agreement in respect of the Cheras-Kajang Highway. Government compensation is initially recognised in the statements of financial position at the fair value of consideration received. Government compensation is subsequently recognised to profit or loss on a systematic basis over the concession period in which it was intended to compensate.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Government Grant

Government grant is recognised initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for the expenses incurred are recognised in profit or loss on a systematic basis over the year necessary to match them with the related costs that they are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred with no future related costs are recognised in the profit or loss in the period in which they become receivable. Grants that compensate the Group for the cost of an asset are recognised in profit or loss over the useful life of the asset.

Foreign Currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Differences arising in the retranslation of investment designated at fair value through other comprehensive income ("FVTOCI") or a financial instrument designated as a hedge of currency risk are recognised in other comprehensive income.

Employee Benefits

(i) Short-term employee benefit

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave, are accrued and recognised as an expense in the year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current or prior periods.

As required by law, companies in Malaysia make contributions to a statutory pension scheme, the Employees Provident Fund.

(iii) Termination benefit

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense for the year comprises current and deferred tax.

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

(ii) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Taxation (Cont'd)

(ii) Deferred tax (Cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(iii) Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the property, plant and equipment. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land is not depreciated as it has an infinite life.

Depreciation of other property, plant and equipment is computed based on a straight-line method to allocate the cost of the assets, to their residual values over their estimated useful lives, summarised as follows:

Buildings	50 years
Plant and machinery	5 to 20 years
Mechanical and electrical	5 years
Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 to 7 years
Building renovations	5 years
Toll equipment	10 years
Highway-operation equipment	5 to 10 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, Plant and Equipment (Cont'd)

At the end of each reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gain or losses on disposals are determined by comparing net disposal proceeds with carrying amount and are recognised in profit or loss.

Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

The Group as a lessee (Cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the previous and current financial year.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of Tangible and Intangible Assets Other Than Goodwill" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in "administrative and other expenses" in profit or loss.

As a practical expedient, MFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (Cont'd)

The Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also rents the advertisement billboards, rest and services area along its highways to business operators or retailers.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies MFRS 15 to allocate the consideration under the contract to each component.

Investment Properties

Investment properties, comprising buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on the straight-line basis to write off the cost of the assets over their estimated useful lives.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is taken to profit or loss in the period of the retirement or disposal.

Intangible Assets

Intangible assets comprising concession rights under the intangible asset model, as defined in IC Interpretation 12, are stated at cost less accumulated amortisation and impairment losses.

The intangible asset model, as defined in IC Interpretation 12, applies to service concession arrangements where the grantor has not provided a contractual guarantee in respect of the amount receivable for constructing and operating the asset. Under this model, during the construction or upgrade phase, the Group records an intangible asset representing the right to charge users of the public service and recognises profits from the construction or upgrade of the public service infrastructure. Income and expenses associated with construction contracts are recognised in accordance with MFRS 15 *Revenue from Contract with Customers*.

Borrowing costs incurred in connection with an arrangement falling within the scope of IC Interpretation 12 will be expensed as incurred, unless the Group recognises an intangible asset under the Interpretation. In this case, borrowing costs are capitalised in accordance with the general rules of MFRS 123 *Borrowing Costs*.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible Assets (Cont'd)

Following the adoption of Amendments of MFRS 116 and MFRS 138: *Clarification of Acceptable Methods of Depreciation and Amortisation* on 1 January 2016, the Group has adopted prospectively the traffic volume method for amortisation of its intangible assets, comprising the cost of its highway development expenditure based on the following formula:

$$\frac{\text{Cumulative traffic volume from 1.1.2016}}{\text{Cumulative traffic volume from 1.1.2016 plus projected traffic volume till end of concession}} \times \text{Opening Net Book Value as of 1.1.2016 plus Additions to-date}$$

At the end of each reporting period, the Group assesses whether there is any indication of impairment. If such indication exists, the carrying amount is assessed and written down immediately to its recoverable amount.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognised in profit or loss when the asset is derecognised.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs of consumable spares are determined using the weighted average method and comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

Costs of materials on site are determined using the first-in first-out method and comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the selling expenses.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation by the end of the reporting period and are discounted to present value where the effect is material.

At the end of each reporting period, provisions are reviewed by the directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restoration provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

Financial Instruments

Financial assets and liabilities are recognised when, and only when, the Group become a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (ii) below); and
- the Group may irrevocably designate a financial asset that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iii) below).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

(i) Amortised cost and effective interest method (Cont'd)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with MFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment.

The Group has designated investment in redeemable preference shares of an equity instruments in a subsidiary and a joint venture that are not held for trading as at FVTOCI on initial application of MFRS 9 (see Notes 20 and 21).

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Financial assets that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has designated investment in quoted unit trust and other investment as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other operating income" or "administrative and other expenses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables, amount due from contract customers, other receivables and refundable deposits as well as deposits, cash and bank balances. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and amount due from contract customers. The ECL on these financial assets are estimated using a credit loss rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date that is available without undue cost or effort, including time value of money where appropriate. Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward–looking information that is available without undue cost or effort. Forward–looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think–tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default;

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty;
- having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Assets (Cont'd)

Derecognition of financial assets (Cont'd)

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial Liabilities and Equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held–for–trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial Liabilities and Equity (Cont'd)

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (i) the carrying amount of the liability before the modification; and (ii) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants act in their economic best interest when pricing the asset or liability.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Statements of Cash Flows

The Group adopts the indirect method in the preparation of the statements of cash flows.

Cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments, that are readily convertible to cash with insignificant risk of changes in value, net of outstanding bank overdrafts that form an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as financial assets at amortised cost.

Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed by the chief operating decision maker, which is the Executive Committee, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

The directors believe that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (Cont'd)

(a) Impairment of Intangible Assets

Determining whether the intangible assets are impaired requires an estimation of the recoverable amount of the intangible assets. The recoverable amount is determined based on the estimation of the present value of future cash flows expected to be generated. The key bases and assumptions used in the estimation of the recoverable amount are disclosed in Note 24.

The directors are of the opinion that the bases and assumptions used in the estimation of the recoverable amounts are reasonable.

(b) Impairment of Goodwill on Consolidation

The Group reviews the carrying amount of goodwill on consolidation annually by comparing to the recoverable amount of the cash generating unit to determine whether there is impairment. The recoverable amount is determined based on an estimation of the present value of future cash flows expected to be generated. The key bases and assumptions used in the estimation of the recoverable amount are disclosed in Note 24.

The directors are of the opinion that the bases and assumptions used in the estimation of the recoverable amounts are reasonable.

(c) Amortisation of Intangible Assets

The intangible assets are amortised over the concession period by applying the formula as disclosed in Note 3. The denominator of the formula includes projected total traffic volume for subsequent financial years to 2045 and is based on the initial base case traffic volume projections prepared by independent traffic consultants, which is updated by management annually. The assumptions to arrive at the traffic volume projections take into consideration the growth rates based on current market and economic conditions. Changes in the expected traffic volume could impact future amortisation charges.

(d) Provision for Heavy Repairs

Heavy repairs of highway are provided based on annual independent pavement assessment condition that estimates the future requirements for pavement resurfacing, and management estimates of incidental costs, discounted to present value. Changes to the expected level of usage and technological developments could impact future requirements for heavy repairs, and therefore, the provision could be revised.

(e) Impairment of Investment in Subsidiaries

The Company reviews the carrying amount of investment in subsidiaries. The recoverable amount of the investment in subsidiaries has been determined on the basis of its value in use.

(f) Taxation

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, where applicable, in the period in which such determination is made.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (Cont'd)

(g) Construction Contracts (Cont'd)

The Group recognises contract revenue and cost over time based on the percentage of completion method. The stage of completion is referred to as the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making these judgements, the Group relies on past experience.

(h) Impairment of Other Receivables and Amount Due From Contract Customers

Significant estimates are required in determining the impairment of other receivables and amount due from contract customers. The Group uses simplified approach in calculating loss allowances for other receivables and amount due from contract customers by applying an ECL rate. The measurement of the ECL rate is based on the Group's historical time value loss rate and historical loss rate from past collection records, adjusted by forward-looking information that is available without undue cost or effort. At each reporting date, the ECL rate is re-measured.

The loss allowances of ECL are sensitive to changes in estimates. The information about the ECL and the Group's other receivables is disclosed in Notes 29 and 30.

(i) Lease Term of Agreements with Renewal Options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has the option to renew the lease of the office premises for an additional term of three years. The extension option is exercisable only by the Group and not by the lessor. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Factors considered include historical lease durations and the costs and business disruption required to replace the right-of-use asset. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew. The Group includes the renewal period as part of the lease term for its lease of premises due to the significance of the right-of-use assets to its operations.

(j) Estimating the Incremental Borrowing Rate on Leases

The Group is unable to readily determine the interest rate implicit in the lease. Therefore, it uses its incremental borrowing rate ("IBR") as the discount rate to measure the lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group applies judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (Cont'd)

(k) Gain on Derecognition of Financial Assets and Financial Liabilities

On initial recognition, financial assets and financial liabilities are classified and measured at amortised cost. Financial assets are derecognised when the contractual right to receive cash flows from those assets has expired or when the Group has transferred its contractual right to receive the cash flows from the assets and either: substantially all of the risks and rewards of ownership have been transferred; or the Group has neither retained nor transferred substantially all of the risks and rewards, but has transferred control. Financial liabilities are derecognised when the obligation is discharged, cancelled or expires.

When an existing financial asset/liability is replaced by another borrower/lender with substantially different terms or the terms of an existing asset/liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset/liability and the recognition of a new asset/liability. The carrying amount of respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the new effective interest rate. The Group has applied judgement and assumptions in determining the effective interest rate of the respective financial instruments. Any changes arising from the derecognition of original asset/liability and recognition of a new asset/liability are recognised in profit or loss.

The impact of modifications of financial assets and financial liabilities are disclosed in Note 38 and Note 41.

5. SEGMENT REPORTING

The Group has determined the operating segments based on the reports reviewed by the chief operating decision maker which is the Executive Committee entrusted to make decisions and performance review:

Water	Management, operations and maintenance of water treatment plants and water distribution systems.
Waste management	Solid waste collection and public cleansing management and other related activities.
Construction	Provision of contracting, project and management services relating to construction contracts.
Toll highway	Operations and maintenance of toll highways.
Others	Investment holding and other non-core businesses other than the above.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. The revenue and profit performance represent the Group's proportionate share of interest in each of the subsidiaries (instead of full consolidation) and includes a proportionate share of the interest of joint ventures or associates (instead of being equity accounted). The total is then reconciled to the revenue and profit performance in the statements of profit or loss and other comprehensive income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

5. SEGMENT REPORTING (CONT'D)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Water		Construction		Toll highway		Waste management		Others		Total		Reconciliation		Amount as per statement of profit or loss and other comprehensive income	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	169,073	225,538	14,843	13,636	82,342	60,862	321,099	313,032	5,001	5,264	592,358	618,332	(289,781)	(300,452)	302,577	317,880
EBITDA(i)	59,044	77,259	(922)	889	70,134	48,092	93,289	82,786	(5,250)	(5,868)	216,295	203,158	(64,066)	(74,235)	152,229	128,923
Depreciation and amortisation	(423)	(600)	(37)	(171)	(22,354)	(21,343)	(10,700)	(18,111)	(3,592)	(3,645)	(37,106)	(43,870)	3,642	11,846	(33,464)	(32,024)
Operating profit/(loss)	58,621	76,659	(959)	718	47,780	26,749	82,589	64,675	(8,842)	(9,513)	179,189	159,288	(60,424)	(62,389)	118,765	96,899
Finance costs	-	-	-	-	(11,924)	(13,188)	(26,743)	(25,587)	(809)	(1,382)	(39,476)	(40,157)	20,371	18,945	(19,105)	(21,212)
Share of results of joint venture	-	-	-	-	-	-	-	-	-	-	-	-	5,999	4,693	5,999	4,693
Share of results of associates	-	-	-	-	-	-	-	-	-	-	-	-	8,316	(1,864)	8,316	(1,864)
Profit/(Loss) before tax	58,621	76,659	(959)	718	35,856	13,561	55,846	39,088	(9,651)	(10,895)	139,713	119,131	(25,738)	(40,615)	113,975	78,516
Income tax (expense)/ credit	(11,649)	(14,812)	(8)	-	(3,581)	(3,141)	(25,364)	(18,727)	184	(187)	(40,418)	(36,867)	28,804	21,882	(11,614)	(14,985)
Profit/(Loss) for the year	46,972	61,847	(967)	718	32,275	10,420	30,482	20,361	(9,467)	(11,082)	99,295	82,264	3,066	(18,733)	102,361	63,531
EBDA(ii)	47,395	62,447	(930)	889	54,629	31,763	41,182	38,472	(5,875)	(7,437)	136,401	126,134	(576)	(30,579)	135,825	95,555

5. SEGMENT REPORTING (CONT'D)

Segment revenues and results (Cont'd)

The following is an analysis of the Group's revenue and results by reportable segment: (Cont'd)

	Water		Construction		Toll highway		Waste management		Others		Total		Reconciliation		Amount as per statement of profit or loss and other comprehensive income	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Capex(iii)	370	212	29	14	411	137	4,152	6,945	83	118	5,045	7,426	(3,881)	(6,975)	1,164	451

(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 year.

Notes

1. The Group monitors the performance of its business by four main business divisions namely water treatment, supply and distribution, construction, toll highway and waste management. Others refer to investment holding and other non-core businesses. Goodwill has been allocated to reportable segments as described in Note 24.

2. The segmental information on the water treatment, supply and distribution, construction and other divisions excluded the effects of the expected credit loss adjustments made. This is to better assess the operational performance of these divisions.

3. The segmental information on 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 the EBITDA and EBDA), are solely from the concession business, after proportionate deduction of the dividend on the cumulative preferences shares held by parties other than the Group.

5. SEGMENT REPORTING (CONT'D)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities:

As of 31 December	Water		Construction		Toll highway		Waste management		Others		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Segment assets	143,555	531,069	20,322	27,027	1,302,419	1,332,790	140,896	148,691	335,919	35,438	1,943,111	2,075,015
Segment liabilities	(39,493)	(70,931)	(10,077)	(13,885)	(720,232)	(763,947)	-	-	(15,860)	(18,520)	(785,662)	(867,283)
Net segment assets	104,062	460,138	10,245	13,142	582,187	568,843	140,896	148,691	320,059	16,918	1,157,449	1,207,732

Geographical segments

No geographical segment information is presented as the Group's revenue is all derived from Malaysia based on the location of services delivered.

Information about major customers

Revenue from Water segment of RM169,073,000 and RM Nil (2020: RM172,896,000 and RM52,642,000) is from Pengurusan Air Selangor Sdn. Bhd. and Syarikat Air Darul Aman Sdn. Bhd. respectively as described in Note 26 which arose from sales to the Group's one and only (2020: 2) largest customers. No other single customer contributed 10% or more to the Group's revenue in either 2021 or 2020.

6. REVENUE

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	243,542	301,914	11,388	13,275
Revenue from other sources:				
Deferred income (Note 40)	15,375	15,966	-	-
Government compensation	43,660	-	-	-
Dividend from subsidiaries, associates and joint venture (Note 45)	-	-	437,270	185,546
	302,577	317,880	448,658	198,821

Government compensation represents mainly cash compensation received by a subsidiary, Grand Saga Sdn. Bhd. from the Government of Malaysia as a result of the deferment of toll increase due in the year 2020.

The Group recognised its revenue from contracts with customers from the following reportable segments:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Management, operations and maintenance of water treatment plants	169,073	225,538	-	-
Toll revenue and operator fee	54,625	58,444	-	-
Revenue from construction contracts	14,843	12,668	(62)	(23)
Management fees (Note 45)	5,001	5,264	11,450	13,298
	243,542	301,914	11,388	13,275
Timing of revenue recognition:				
At a point in time	223,698	283,982	-	-
Over time	19,844	17,932	11,388	13,275
	243,542	301,914	11,388	13,275

6. REVENUE (CONT'D)

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from construction contracts	894,230	20,110	883,091	-

The Group and the Company expect revenue from unsatisfied performance obligations to be recognised in the following years as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Year 2021	-	15,515	-	-
Year 2022	165,771	4,595	154,632	-
Year 2023	376,458	-	376,458	-
Year 2024	351,094	-	351,094	-
Year 2025	907	-	907	-
	894,230	20,110	883,091	-

The Group and the Company have secured two (2) contracts from Pengurusan Air Selangor Sdn. Bhd. to develop two packages under Phase 1 of the Sungai Rasau water treatment plant and water supply scheme during the financial year. The details of the packages are as follows: -

(i) Package 2 - Design and Build of Proposed Rasau Treated Water Pumping Station, Treated Water Pumping Mains to Existing Bukit Lipat Kajang Reservoirs, Distribution and Associated Works.

(ii) Package 3 - Design and Build of Proposed New Bukit Lipat Kajang Booster Station, Reservoirs and Associated Works.

The construction of the Rasau Projects has commenced in the current financial year and expected completion date for the works shall be on 31 December 2024.

7. COST OF OPERATIONS

The cost of operations for the year has been arrived at after charging/(crediting):

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contract costs recognised/(over-recognised)	13,171	9,770	(62)	(23)
Amortisation of intangible assets (Note 19)	27,840	25,992	-	-
Provision for restoration cost (Note 39)	165	2,093	-	-
Provision for heavy repairs (Note 39)	4,222	4,168	-	-
Depreciation of property, plant and equipment (Note 15)	1,264	1,399	-	-
Hire of plant and machinery	37	79	-	-

8. OTHER OPERATING INCOME

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
COVID-19 related rent concessions (Note 2)	-	167	-	167
Interest income on fixed deposits with licensed banks	2,081	2,728	481	249
Investment designated at FVTPL:				
Dividend income	6,418	11,222	648	96
Gain on redemption	21	1,179	-	36
Rental income	748	647	14	14
Income from subleasing right-of-use assets	-	-	788	749
Gain on disposal of property, plant and equipment	1,102	98	-	4
Unrealised gain on foreign exchange	2	6	2	-
Fair value gain arising on financial assets measured at FVTPL (Note 32)	433	64	198	-
Gain on disposal of consumables expensed off in prior years	1,676	-	-	-
Recognition of rental and maintenance fee (Note 40)	120	117	-	-
Gain on modification on other payables (Note 41)	-	408	-	-
Reversal of loss allowances on:				
Trade receivables (Note 26)	-	1,659	-	1
Amount due from contract customers (Note 29)	119	139	119	69

9. ADMINISTRATIVE AND OTHER EXPENSES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Reversal of gain on modification on trade payables (Note 38)	941	1,833	-	-
Reversal of gain on modification on other payables (Note 41)	408	-	-	-
Loss allowance on:				
Trade receivables (Note 26)	1	-	-	-
Other receivables (Note 30)	711	1,652	-	-
Amount due from contract customers (Note 29)	205	-	-	-
Fair value loss arising on financial assets measured at FVTPL (Note 32)	66	389	-	-
Depreciation of right-of-use assets (Note 16)	2,461	2,461	2,461	2,461
Depreciation of property, plant and equipment (Note 15)	1,893	2,165	1,132	1,178
Expense relating to short-term leases:				
Premises	98	-	-	-
Others	144	182	55	57
Unrealised loss on foreign exchange	2	1	-	1
Auditors' remuneration of:				
Statutory audit	298	316	100	100
Other services β	74	48	25	14
Interest expense imputed in borrowings (Note 36)	381	547	-	-
Written off of property, plant and equipment	33	27	-	24
Depreciation of investment properties (Note 17)	7	7	7	7
Loss on redemption of investment designated at FVTPL	291	65	-	-
Reversal of interest income imputed in retention sums (Note 38)	41	65	-	-
Impairment on amount owing from a subsidiary	-	-	-	50

β Other services included, amongst others, tax-related services rendered to the Group and the Company amounting to RM73,800 and RM24,600 (2020: RM48,200 and RM13,600) respectively which were paid or payable to a firm affiliated to the Group's auditors.

10. FINANCE COSTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense:				
IMTN	18,296	19,829	-	-
Lease liabilities	807	943	807	943
Revolving credit	-	405	-	405
Others	2	35	2	34
	19,105	21,212	809	1,382

11. STAFF COSTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries and bonus	26,452	38,901*	7,816	7,698
Defined contribution plan	2,661	3,174	773	747
Other employee benefits	582	1,006	128	135
	29,695	43,081	8,717	8,580

* Wages, salaries and bonus included RM6,484,000 termination benefits and other payments to employees arising from the expiration of the Privatisation Contract on 31 October 2020 referred to in Note 26(a).

Included in staff costs of the Group and of the Company are directors' remuneration of RM1,674,000 (2020: RM1,642,000) and RM1,646,000 (2020: RM1,614,000) respectively as further disclosed in Note 12.

Benefits in kind received by Executive Director and other members of key management of the Group and the Company are RM144,000 (2020: RM149,000) and RM103,000 (2020: RM96,000) respectively.

12. DIRECTORS' REMUNERATION

The directors of the Company in office during the financial year are as follows:

<u>Non-executive Directors</u>

YAM Tunku Ali Redhauddin Ibni Tuanku Muhriz
Raja Datuk Zaharaton Binti Raja Dato' Zainal Abidin
Dato' Sri Amrin Bin Awaluddin
Soong Chee Keong
Ahmad Jauhari Bin Yahya
Datuk Roger Tan Kor Mee
Lim Chin Sean

<u>Executive Director</u>

Dato' Lim Yew Boon

12. DIRECTORS' REMUNERATION (CONT'D)

The aggregate amount of emoluments receivable by directors of the Company during the financial year are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-executive Directors:				
Fees	960	960	960	960
Other emoluments	74	73	74	73
Executive Director:				
Fees	144	144	120	120
Salaries and bonus	437	396	437	396
Defined contribution plan	18	16	18	16
Other emoluments	41	53	37	49
	1,674	1,642	1,646	1,614

13. INCOME TAX EXPENSE/(CREDIT)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian income tax:				
Current year	12,681	14,768	-	183
(Over)/Underprovision in prior years	(276)	60	(183)	4
	12,405	14,828	(183)	187
Deferred tax (Note 25):				
Current year	(791)	157	-	-
	11,614	14,985	(183)	187

Income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

13. INCOME TAX EXPENSE/(CREDIT) (CONT'D)

A reconciliation of income tax expense/(credit) applicable to profit before tax at the statutory income tax rate to income tax expense/(credit) at the effective income tax rate of the Group and of the Company are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	113,975	78,516	435,664	183,471
Taxation at statutory tax rate	27,354	18,844	104,559	44,033
Tax effects of:				
Non-deductible expenses	11,101	11,177	199	506
Non-taxable income	(8,990)	(7,153)	(105,101)	(44,391)
Tax waiver on statutory income of a subsidiary @	(18,035)	(8,651)	-	-
Deferred tax assets not recognised	460	708	343	35
(Over)/Underprovision of income tax expense in prior years	(276)	60	(183)	4
Income tax expense/(credit) recognised in profit or loss	11,614	14,985	(183)	187

@ A subsidiary, Grand Saga Sdn. Bhd. has been granted tax waiver on its statutory income from years of assessment 2012 to 2021 in consideration of it agreeing to the cessation of toll collections and the discontinuance of operations of two toll plazas at the Cheras-Kajang Highway. The subsidiary will be subjected to tax on its statutory income for year of assessment 2022 onwards.

14. EARNINGS PER SHARE

Basic and diluted earnings per share attributable to owner 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.

	The Group	
	2021 RM'000	2020 RM'000
Profit for the year attributable to owners of the Company	78,500	59,487
Weighted average number of ordinary shares in issue ('000)	2,015,817	2,015,817
Earnings per share (sen)	3.89	2.95

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

15. PROPERTY, PLANT AND EQUIPMENT

The Group 2021	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Mechanical and electrical RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Building renovations RM'000	Toll equipment RM'000	Highway-operation equipment RM'000	Total RM'000
Cost										
As of 1 January 2021	280	700	2,323	2,058	11,281	8,385	6,802	21,792	26	53,647
Additions	-	-	383	-	295	-	-	486	-	1,164
Disposals	-	-	(771)	-	(213)	(3,441)	-	-	-	(4,425)
Write offs	-	-	(1,113)	-	(774)	(24)	(417)	-	-	(2,328)
Transfer (Note 18)	(280)	(700)	-	-	-	-	-	-	-	(980)
As of 31 December 2021	-	-	822	2,058	10,589	4,920	6,385	22,278	26	47,078
Accumulated depreciation										
As of 1 January 2021	-	272	1,928	2,058	9,286	7,251	6,638	17,252	21	44,706
Charge for the year	-	14	238	-	1,058	481	108	1,264	2	3,165
Disposals	-	-	(766)	-	(209)	(3,370)	-	-	-	(4,345)
Write offs	-	-	(1,113)	-	(741)	(24)	(417)	-	-	(2,295)
Transfer (Note 18)	-	(286)	-	-	-	-	-	-	-	(286)
As of 31 December 2021	-	-	287	2,058	9,394	4,338	6,329	18,516	23	40,945
2020										
Cost										
As of 1 January 2020	280	700	2,319	2,058	12,079	8,809	6,810	21,723	26	54,804
Additions	-	-	33	-	296	53	-	69	-	451
Disposals	-	-	(13)	-	(12)	(477)	-	-	-	(502)
Write offs	-	-	(16)	-	(1,082)	-	(8)	-	-	(1,106)
As of 31 December 2020	280	700	2,323	2,058	11,281	8,385	6,802	21,792	26	53,647
Accumulated depreciation										
As of 1 January 2020	-	258	1,823	2,057	9,167	6,913	6,500	15,852	19	42,589
Charge for the year	-	14	134	1	1,189	814	143	1,400	2	3,697
Disposals	-	-	(13)	-	(12)	(476)	-	-	-	(501)
Write offs	-	-	(16)	-	(1,058)	-	(5)	-	-	(1,079)
As of 31 December 2020	-	272	1,928	2,058	9,286	7,251	6,638	17,252	21	44,706
Net book value										
As of 31 December 2021	-	-	535	-	1,195	582	56	3,762	3	6,133
As of 31 December 2020	280	428	395	-	1,995	1,134	164	4,540	5	8,941

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15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company 2021		Mechanical and electrical RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Building renovations RM'000	Total RM'000
Cost						
As of 1 January 2021		1,773	6,690	1,270	5,426	15,159
Additions		-	83	-	-	83
Disposals		-	-	(166)	-	(166)
Write off		-	(90)	-	-	(90)
As of 31 December 2021		1,773	6,683	1,104	5,426	14,986
Accumulated depreciation						
As of 1 January 2021		1,773	5,094	813	5,349	13,029
Charge for the year		-	929	155	48	1,132
Disposals		-	-	(166)	-	(166)
Write off		-	(90)	-	-	(90)
As of 31 December 2021		1,773	5,933	802	5,397	13,905
2020						
Cost						
As of 1 January 2020	16	1,773	7,546	1,298	5,426	16,059
Additions	-	-	119	-	-	119
Disposals	-	-	-	(28)	-	(28)
Write off	(16)	-	(975)	-	-	(991)
As of 31 December 2020	-	1,773	6,690	1,270	5,426	15,159
Accumulated depreciation						
As of 1 January 2020	16	1,773	5,104	686	5,267	12,846
Charge for the year	-	-	941	155	82	1,178
Disposals	-	-	-	(28)	-	(28)
Write off	(16)	-	(951)	-	-	(967)
As of 31 December 2020	-	1,773	5,094	813	5,349	13,029
Net book value						
As of 31 December 2021	-	-	750	302	29	1,081
As of 31 December 2020	-	-	1,596	457	77	2,130

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) There are no assets held under finance lease agreements of the Group and of the Company as at financial year end. The net book value of assets held under finance lease agreements of the Group and of the Company in the previous year amounted RM317,000 and RM317,000 respectively.

(b) Depreciation charges for the financial year consist of:

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
Capitalised in amount due from contract customers	29	8	133	-	-
Included in statements of profit or loss and other comprehensive income:					
Cost of operations	7	1,264	1,399	-	-
Administrative and other expenses	9	1,893	2,165	1,132	1,178
		3,157	3,564	1,132	1,178
		3,165	3,697	1,132	1,178

16. RIGHT-OF-USE ASSETS

On 1 January 2014, the Company entered into a lease arrangement of 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. The lease payments are adjusted every term, based on the then prevailing market rental rate agreed by both parties.

At the inception, the Company classified the lease as an operating lease under MFRS 117. At the date of initial application of MFRS 16, the remaining non-cancellable period of the lease was one year. Considering the location of the office premises and other factors, the Company now considers that it is reasonably certain to exercise the renewal options up to 31 December 2025.

The following table shows the movements in right-of-use assets in accordance with the cumulative catch-up approach set out in MFRS 16:

	The Group and The Company 2021 RM'000	The Group and The Company 2020 RM'000
Cost:		
As of 1 January/As of 31 December	28,360	28,360
Accumulated depreciation:		
As of 1 January	16,056	13,595
Charge for the year (Note 9)	2,461	2,461
As of 31 December	18,517	16,056
Net book value:		
As of 31 December	9,843	12,304

17. INVESTMENT PROPERTIES

	The Group and The Company	
	2021 RM'000	2020 RM'000
Cost:		
As of 1 January/As of 31 December	369	369
Accumulated depreciation:		
As of 1 January	124	117
Charge for the year (Note 9)	7	7
As of 31 December	131	124
Accumulated impairment loss:		
As of 1 January/As of 31 December	26	26
Net book value:		
As of 31 December	212	219
Representing:		
Freehold building	103	106
Leasehold building	109	113
	212	219

Fair value of the investment properties of the Group and of the Company as of 31 December 2021 is estimated at RM485,000 (2020: RM547,000) based on directors' assessment of the current prices in an active market for the respective properties within the vicinity.

17. INVESTMENT PROPERTIES (CONT'D)

Details of the Group's and the Company's investment properties, all of which are located in Malaysia, and information about the fair value hierarchy as at 31 December are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Fair Value RM'000
2021				
Freehold building	-	-	244	244
Leasehold building	-	-	241	241
2020				
Freehold building	-	-	266	266
Leasehold building	-	-	281	281

There were no transfers between Levels 1, 2 and 3 during the year.

The unexpired lease period of the leasehold building of the Group and of the Company is 72 years (2020: 73 years).

18. ASSETS HELD-FOR-SALE

	The Group	
	2021 RM'000	2020 RM'000
At beginning of year	-	-
Transfer from property, plant and equipment (Note 15)	694	-
	694	-

On 24 November 2021, a subsidiary, Taliworks (Langkawi) Sdn. Bhd. ("Taliworks Langkawi"), has accepted a purchase offer from Syarikat Air Darul Aman Sdn. Bhd. for the disposal of a parcel of land and building located in Kuah, Langkawi for a cash consideration of RM2.5 million. The said disposal is expected to be completed within one year from the end of the reporting period. Accordingly, the said properties have been classified as assets held-for-sale.

19. INTANGIBLE ASSETS

	The Group 2021 RM'000	The Group 2020 RM'000
Cost:		
As of 1 January/As of 31 December	1,262,903	1,262,903
Accumulated amortisation:		
As of 1 January	218,097	192,105
Charge for the year (Note 7)	27,840	25,992
As of 31 December	245,937	218,097
Carrying amount:		
As of 31 December	1,016,966	1,044,806

The intangible assets of the Group at the end of the reporting period consist of a concession awarded by the Government of Malaysia to a subsidiary, Grand Saga Sdn. Bhd. to upgrade and maintain a section of the existing Federal Route 1 at the Kuala Lumpur-Seremban Road described as the Cheras-Kajang Highway. The ownership of the Highway will be transferred to the Government of Malaysia at the end of the concession period in September 2045.

The key bases and assumptions used in the estimation of its recoverable amount are disclosed in Note 24.

20. INVESTMENT IN SUBSIDIARIES

	The Company 2021 RM'000	The Company 2020 RM'000
Unquoted investment in preference shares		
- at FVTOCI	238,012	238,012
Unquoted investment in ordinary shares - at cost:		
As of 1 January	81,495	81,495
Additions	-	-^
As of 31 December	81,495	81,495
Carrying amount	319,507	319,507

^ Issued share capital of RM2

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

There are no measurement impacts to the carrying amount of investment in preference shares at the end of the reporting period as the directors are of the opinion that the carrying amounts approximate its fair value.

The investments in preference shares are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The shares of all subsidiaries are held directly by the Company unless otherwise indicated as follows:

Name	Principal place of business	Proportion of ownership interest held by the Group 2021	2020	Principal activities
Held directly by the Company:				
Sungai Harmoni Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Management, operations and maintenance of Sungai Selangor Water Treatment Plant Phase 1 for a period expiring in December 2036.
Taliworks (Langkawi) Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	The concession for management, operations and maintenance of water treatment plants and water distribution systems has expired on 31 October 2020. Upon expiration of the concession, the operations have been handed over to Syarikat Air Darul Aman Sdn. Bhd., a corporatised body under the state government of Kedah.
Taliworks Renewables Sdn. Bhd.@ ("TRSB")	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Investment holding.
Taliworks Technologies Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	Provision of project consultancy and technical services and sales of products related to water and waste treatment.
Taliworks Construction Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	100	100	General construction.
TEI Sdn. Bhd.	Cheras, Selangor	51	51	Investment holding.
Held through TEI Sdn. Bhd.:				
Trinitywin Sdn. Bhd.	Cheras, Selangor	51	51	Investment holding.
Cerah Sama Sdn. Bhd.	Cheras, Selangor	51	51	Investment holding.

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

The shares of all subsidiaries are held directly by the Company unless otherwise indicated as follows: (Cont'd)

Name	Principal place of business	Proportion of ownership interest held by the Group 2021	2020	Principal activities
Held through Cerah Sama Sdn. Bhd.:				
Trupadu Sdn. Bhd. #	Cheras, Selangor	51	51	Toll operator and general contractor of Cheras-Kajang Highway.
Peak Synergy Sdn. Bhd. #	Cheras, Selangor	51	51	Investment holding. The company is placed under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 with effect from 4 November 2016.
Europlex Consortium Sdn. Bhd. #	Cheras, Selangor	51	51	Investment holding. The company is placed under member's voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965 with effect from 4 November 2016.
Grand Saga Sdn. Bhd. #	Cheras, Selangor	51	51	Design, planning and construction of Cheras-Kajang Highway. The Highway has a concession period expiring in September 2045.

\# The equity interest in these subsidiaries formed part of the security arrangements for the Islamic Medium-Term Notes borrowings as disclosed in Note 36.

@ TRSB was incorporated on 20 October 2020 as a wholly-owned subsidiary of the Company with an issued share capital of RM2. No statutory audit has been performed for the financial period 20 October 2020 to 31 December 2020 as the company's first set of statutory audited financial statements cover a period from 20 October 2020 to the end of the current financial year.

In 2020, TRSB has entered into two conditional share sale agreements in relation to the proposed acquisition of equity interest in renewable energy related business, which formed part of the significant events in the financial year as disclosed in Note 48. The proposed acquisition would not have any effect on the earnings and cash flows of the Group for the previous and current financial year as it is expected to be completed in the financial year ending 31 December 2022.

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activities	Place of incorporation and operation	Number of wholly-owned subsidiaries		Number of non-wholly-owned subsidiaries	
		2021	2020	2021	2020
Management, operations and maintenance of water treatment plants and water distribution systems	Malaysia	2	2	-	-
Provision of management and technical services relating to waste management	Malaysia	1	1	-	-
General construction	Malaysia	1	1	-	-
Investment holding	Malaysia	1	1	5	5
Toll highway	Malaysia	-	-	2	2
		5	5	7	7

<u>Details for non-wholly-owned subsidiaries that have material non-controlling interests</u>

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests.

Name of subsidiary	Proportion of ownership interests held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interest	
	2021	2020	2021	2020	2021	2020
	%	%	RM'000	RM'000	RM'000	RM'000
TEI Sdn. Bhd.	49%	49%	23,861	4,044	252,646	248,385

20. INVESTMENT IN SUBSIDIARIES (CONT'D)

Summarised financial information in respect of the subsidiary that has material non-controlling interests is set out as below. The summarised financial information below represents amounts before intragroup eliminations.

	The Group	
	2021 RM'000	2020 RM'000
Non-current assets	1,172,130	1,205,043
Current assets	40,271	42,379
Current liabilities	(56,377)	(57,097)
Non-current liabilities	(640,421)	(683,417)
Net assets	515,603	506,908
Equity attributable to owners of the Company	262,958	258,523
Non-controlling interest	252,645	248,385
Revenue	113,660*	74,410
Expenses	(64,965)	(66,156)
Profit for the year	48,695	8,254
Profit attributable to owners of the Company	24,834	4,210
Profit attributable to non-controlling interest	23,861	4,044
Net cash generated from/(used in):		
Operating activities	81,946	41,713
Investing activities	4,692	25,536
Financing activities	(88,980)	(82,342)
Net change in cash and cash equivalents	(2,342)	(15,093)

* Included in the revenue is government compensation for deferment of toll hike amounted to RM43,660,000.

21. INVESTMENT IN JOINT VENTURE

	The Group 2021 RM'000	The Group 2020 RM'000
Unquoted ordinary shares, at cost	30,749	30,749
Redeemable preference shares, at FVTOCI	36,424	36,424
Group's share of post-acquisition reserve, net of dividend	428	(4,221)
	67,601	62,952

	The Company 2021 RM'000	The Company 2020 RM'000
Unquoted ordinary shares, at cost	30,749	30,749
Redeemable preference shares, at FVTOCI	36,424	36,424
	67,173	67,173

There are no measurement impacts to the carrying amount of investment in redeemable preference shares at the end of the reporting period as the directors are of the opinion that the carrying amounts approximate its fair value.

These investments in preference shares are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Details of the joint venture, which is incorporated in Malaysia, are as follows:

Name	Principal place of business	Proportion of ownership interest held by the Group 2021	Proportion of ownership interest held by the Group 2020	Principal activities
Pinggiran Muhibbah Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	50	50	Investment holding in Grand Sepadu (NK) Sdn. Bhd. which is engaged in the operation and maintenance of the New North Klang Straits Bypass Expressway for a concession period ending in December 2032.

21. INVESTMENT IN JOINT VENTURE (CONT'D)

The summarised financial information set out below represents amounts shown in the joint venture's financial statements prepared in accordance with MFRS, adjusted by the Group for equity accounting purposes.

Pinggiran Muhibbah Sdn. Bhd.	**2021 RM'000**	**2020 RM'000**
Summarised statement of financial position		
Non-current assets	318,695	338,670
Current assets	8,707	5,619
Current liabilities	(35,751)	(4,690)
Non-current liabilities	(110,348)	(171,301)
Non-controlling interests	(46,102)	(42,394)
Net assets	135,201	125,904
Summarised statement of profit or loss and other comprehensive income		
Revenue	65,003	61,101
Profit for the year	11,997	9,386

Reconciliation of the above summarised financial information to the carrying amount of the interest in joint ventures recognised in the financial statements of the Group is as follows:

	2021 RM'000	**2020 RM'000**
Net assets		
Carrying amount of the investment in joint venture	135,201	125,904
Proportion of the Group's ownership interest in the joint venture	50%	50%
	67,601	62,952

22. INVESTMENT IN ASSOCIATES

	The Group	
	2021 RM'000	**2020 RM'000**
Unquoted shares, at cost	247,871	247,811
Compensation	(17,087)	(17,087)
Share of post-acquisition reserve, net of dividend	(77,661)	(70,377)
	153,123	160,347

22. INVESTMENT IN ASSOCIATES (CONT'D)

	The Company 2021 RM'000	The Company 2020 RM'000
Unquoted shares, at cost	247,871	247,811
Compensation	(17,087)	(17,087)
	230,784	230,724

Details of the associates, which are incorporated in Malaysia, are as follows:

Name	Principal place of business	Proportion of ownership interest held by the Group 2021	2020	Principal activities
LGB Taliworks Consortium Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	20	20	General construction.
SWM Environment Holdings Sdn. Bhd.	Taman Tun Dr. Ismail, Kuala Lumpur	35	35	Investment holding with its principal investment in a company managing and carrying on solid waste collection and public cleansing management and other related activities for a concession period until 31 August 2033.
Aqua Flo Sdn. Bhd.	Petaling Jaya, Selangor	24	24	Trading in chemical products.

All the associates are audited by a firm other than Deloitte PLT.

The summarised financial information of the material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with MFRS, adjusted by the Group for equity accounting purposes.

The Group	2021 RM'000	2020 RM'000
Summarised statements of financial position		
Non-current assets	2,499,273	2,715,159
Current assets	761,476	673,379
Current liabilities	(301,470)	(255,903)
Non-current liabilities	(1,489,242)	(1,565,444)
Non-controlling interest	(1,020,749)	(1,095,634)
Net assets	449,288	471,557

22. INVESTMENT IN ASSOCIATES (CONT'D)

The Group	**2021 RM'000**	**2020 RM'000**
Summarised statements of profit or loss and other comprehensive income		
Revenue	917,438	894,391
Profit for the year	213,751	184,834
Less:		
Deduction of the dividend on the cumulative preferences shares held by parties other than the Group	(126,660)	(126,660)
Group consolidation adjustments	(67,361)	(67,877)
Profit/(Loss) for the year	19,730	(9,703)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the material associate recognised in the financial statements of the Group is as follows:

	2021 RM'000	**2020 RM'000**
Net assets	449,288	471,557
Proportion of the Group's ownership interest in the associate	35%	35%
	157,250	165,043
Compensation	(17,087)	(17,087)
Adjustment for stamp duties paid	735	735
Carrying amount of the investment in the associate	140,898	148,691

22. INVESTMENT IN ASSOCIATES (CONT'D)

The summarised financial information of other individually immaterial associates is set out below.

	Others	
	2021 RM'000	2020 RM'000
Summarised statements of financial position		
Non-current assets	3,579	3,650
Current assets	97,055	87,235
Current liabilities	(45,731)	(37,834)
Non-current liabilities	(3,284)	(3,818)
Net assets	51,619	49,233
Summarised statements of profit or loss and other comprehensive income		
Revenue	121,886	128,901
Profit for the year	6,486	7,328

23. OTHER INVESTMENT

	The Group	
	2021 RM'000	2020 RM'000
Financial assets carried at FVTPL:		
Golf membership	240	240

There are no measurement impacts to the carrying amount of other investment at the end of the reporting period as the directors are of the opinion that the carrying amounts approximate its fair value.

24. GOODWILL ON CONSOLIDATION

	The Group	
	2021 RM'000	2020 RM'000
As of 1 January/As of 31 December	129,385	129,385

Goodwill on consolidation arose from the acquisition of a subsidiary, Cerah Sama Sdn. Bhd. pursuant to a restructuring exercise in 2014.

An impairment review of the carrying value of the goodwill at the end of the reporting period was undertaken by the directors by comparing the recoverable amount of the cash generating unit (the "CGU") of the toll highway segment. The recoverable amount was determined based on value-in-use calculations, which uses cash flow projections based on the financial budgets approved by the directors covering the remaining concession period.

The key bases and assumptions used in the estimation of the recoverable amount are as follows:

(a) Traffic volume of Toll Plaza Batu 9 and Batu 11 are projected based on the average yearly growth rate of 2.97% and 3.91% (2020: 2.55% and 3.53%) respectively;

(b) Toll operation costs, routine maintenance costs and other operating expenses are expected to increase at the rate of 3.0% (2020: 3.0%) annually;

(c) Commissions to be paid to Touch & Go and Smart Tag are estimated at a fixed rate of 1.3% (2020: 1.3%) of total toll revenue collected; and

(d) Pre-tax discount rate of 10.86% (2020: 10.86%) applied to the cash flow projections is derived from a subsidiary, Grand Saga Sdn. Bhd.'s weighted average cost of capital.

The recoverable amount of the abovementioned goodwill has been estimated by the directors based on the abovementioned bases and assumptions as to future events which the directors expect to take place and actions which the directors expect to take place as of the time the recoverable amounts were estimated. While information may be available to support the bases and assumptions on which the recoverable amounts of the goodwill were based, such information is generally future oriented and anticipated events may not occur as expected which may result in the variation of the recoverable amounts. However, the directors are of the opinion that the underlying key bases and assumptions used in the estimation of the recoverable amount are reasonable and do not foresee any possible changes in the above key assumptions that would cause the carrying amounts of the goodwill to materially exceed its recoverable amount.

25. DEFERRED TAX LIABILITIES

The movements during the financial year relating to deferred tax liabilities are as follows:

	The Group	
	2021 RM'000	2020 RM'000
As of 1 January	(234,987)	(234,830)
Transfer from/(to) profit or loss (Note 13):		
Property, plant and equipment	(282)	66
Intangible assets	(1,132)	(886)
Trade receivables	308	(85)
Other receivables, deposits and prepayments	171	398
Provision for heavy repairs	1,413	1,000
Trade payables	226	440
Other payables and accruals	93	(522)
Deferred income	(6)	-
Provision for restoration costs	-	(568)
	791	(157)
As of 31 December	(234,196)	(234,987)

The movements in deferred tax assets and liabilities during the financial year (prior to offsetting of balances) comprise the following:

	The Group	
	2021 RM'000	2020 RM'000
Deferred tax assets (before offsetting)		
Tax effects of deductible temporary differences arising from:		
Property, plant and equipment	20	-
Other receivables, deposits and prepayments	1,304	1,134
Other payables and accruals	551	556
Deferred income	89	95
Provision for heavy repairs	6,868	5,455
	8,832	7,240
Offsetting	(8,832)	(7,240)
Deferred tax assets (after offsetting)	-	-

25. DEFERRED TAX LIABILITIES (CONT'D)

The movements in deferred tax assets and liabilities during the financial year (prior to offsetting of balances) comprise the following: (Cont'd)

	The Group	
	2021 RM'000	2020 RM'000
Deferred tax liabilities (before offsetting)		
Tax effects of taxable temporary differences arising from:		
Property, plant and equipment	961	659
Intangible assets	239,910	238,778
Trade receivables	2,155	2,463
Other receivables, deposits and prepayments	2	3
Trade payables	-	226
Other payables and accruals	-	98
	243,028	242,227
Offsetting	(8,832)	(7,240)
Deferred tax liabilities (after offsetting)	234,196	234,987

As mentioned in Note 3, the deductible temporary differences, unused tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

As of the end of the reporting period, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of realisation, is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Temporary differences arising from:		
Property, plant and equipment	(649)	(492)
Right-of-use assets	2,781	3,025
Other payables and accruals	2,919	4,771
Unused tax losses	21,655	18,669
Unabsorbed capital allowances	11,364	10,179
	38,070	36,152

25. DEFERRED TAX LIABILITIES (CONT'D)

As of the end of the reporting period, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the net deferred tax assets are not recognised in the financial statements due to uncertainty of realisation, is as follows: (Cont'd)

	The Company	
	2021 RM'000	2020 RM'000
Temporary differences arising from:		
Property, plant and equipment	(619)	(433)
Right-of-use assets	2,781	3,025
Other payables and accruals	1,248	1,401
Unused tax losses	16,639	15,762
Unabsorbed capital allowances	10,897	9,763
	30,946	29,518

The Malaysia Finance Act 2018 gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses could be carried forward for a maximum of seven consecutive years of assessment. Any accumulated tax losses brought forward from year of assessment 2018 can be carried forward for another seven consecutive years of assessment and any balance of the unutilised tax losses and unused tax allowance thereafter shall be disregarded.

The Malaysia Finance Act 2021 gazetted on 31 December 2021 stated that the time frame to carry forward unutilised tax losses for year of assessment 2019 and subsequent years of assessment be extended from seven to ten consecutive years of assessment. Unutilised tax losses accumulated up to year of assessment 2018 can now be carried forward for ten consecutive years of assessment until year of assessment 2028.

Expiry date of the unused tax losses is summarised below:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Years of assessment				
2025	-	17,069	-	15,238
2026	-	158	-	-
2027	-	1,442	-	524
2028	17,069	-	15,238	-
2029	158	-	-	-
2030	1,442	-	524	-
2031	2,986	-	877	-
	21,655	18,669	16,639	15,762

26. TRADE RECEIVABLES

The analysis of trade receivables is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Trade receivables	50,524	91,716
Less: Loss allowance	(1)	-*
Net	50,523	91,716

* Less than RM1,000.

The Group and the Company apply a simplified approach in calculating loss allowances for trade receivables at an amount equal to lifetime ECL. The Group and the Company estimate the loss allowance on trade receivables by applying an ECL rate at each reporting date. The ECL rate reflects the historical time value loss rate which is computed based on the actual and projected amounts and timing of repayment from the trade receivables on current year billings and the historical loss rate from past collection records, adjusted by forward-looking information that is available without undue cost or effort. The Group and the Company review the ECL rate at each reporting date to re-measure the loss allowance amount. Changes in the above variables could impact future ECL charges. In addition, trade receivables with significant balances and credit impaired are assessed for ECL individually.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in MFRS 9:

The Group	Collectively assessed RM'000	Individually assessed RM'000	Total RM'000
As at 1 January 2020	7	1,652	1,659
Net re-measurement of loss allowances	(7)	(1,652)	(1,659)
As at 31 December 2020/1 January 2021	-	-	-
Net re-measurement of loss allowances	1	-	1
As at 31 December 2021	1	-	1

26. TRADE RECEIVABLES (CONT'D)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in MFRS 9: (Cont'd)

The Company	Collectively assessed RM'000	Individually assessed RM'000	Total RM'000
As at 1 January 2020	1	-	1
Net re-measurement of loss allowances	(1)	-	(1)
As at 31 December 2020/1 January 2021/31 December 2021	-	-	-

The average credit period granted to the customers is 60 days. No interest is charged on trade receivables, even for those which are past due.

Out of the Group's total trade receivables, RM47,397,000 (2020: RM89,586,000) is concentrated on two customers. These customers are Syarikat Air Darul Aman Sdn. Bhd. ("SADA"), a corporatised body under the Kedah state government and Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor"), the only entity with the license to extract, treat and distribute water to consumers in Selangor, Federal Territories of Kuala Lumpur and Putrajaya.

(a) SADA

Taliworks Langkawi was awarded the Privatisation Contract by the State Government of Kedah to take-over, manage, operate and maintain the Langkawi Water Supply System (refer to as "the Privatisation Contract") on 7 October 1995 for a period of 25 years commencing from 1 November 1995 to 31 October 2020. Subsequently, on 1 January 2010, the function of the State Government of Kedah with respect to the Privatisation Contract had been taken over by SADA thereafter.

The Privatisation Contract has expired on 31 October 2020. Upon expiration of the contract, the operations have been handed over to SADA. The gross invoiced amount due from SADA to Taliworks Langkawi as of 31 December 2021 is RM4,219,000 (2020: RM47,010,000). The Group deemed the outstanding amounts to be current as it is expected to be fully repaid within the next 12 months by SADA and therefore, there is no provision for loss allowance recognised by the Group on trade receivables due from SADA pursuant to MFRS 9 (2020: a reversal of loss allowance of RM1,652,000 as disclosed in Note 8).

The Group believes that the credit risk relating to the amounts owing by SADA to be minimal as the amounts are due from the related entity of the state government.

(b) Air Selangor

The gross invoiced amount due from Air Selangor as of 31 December 2021 is RM43,178,000 (2020: RM42,576,000).

On 24 May 2019, Sungai Harmoni entered into a bulk water supply agreement ("BWSA") with Air Selangor in relation to the appointment of Sungai Harmoni for the operations and maintenance of Sungai Selangor Water Treatment Plant Phase 1 ("SSP1") and the supply of treated water until December 2036. Sungai Harmoni started operating and maintaining the SSP1 under the BWSA from 13 September 2019 onwards, being the date where the agreement become unconditional and completed.

26. TRADE RECEIVABLES (CONT'D)

(b) Air Selangor (Cont'd)

The ageing of the Group's trade receivables which was past due but not impaired as of the end of the reporting period is as follows:

The Group	SADA RM'000
2021	
Past due 9 months and above	4,219
2020	
Past due up to 3 months	17,162
Past due 3 to 9 months	29,848
	47,010

Included in trade receivables of the Group are the following:

	The Group 2021 RM'000	The Group 2020 RM'000
An amount owing from an associate	2,361	-

The above amounts owing mainly arose from trade transactions which are unsecured, interest free and repayable on demand.

27. DEPOSITS, CASH AND BANK BALANCES

	The Group 2021 RM'000	The Group 2020 RM'000
Non-Current:		
Deposits with licensed banks	48,449	53,231
Current:		
Deposits with licensed banks	33,520	33,789
Cash and bank balances	28,708	30,828
	62,228	64,617
Total	110,677	117,848
Less: Deposits pledged as security	(48,449)	(53,231)
Cash and cash equivalents	62,228	64,617

27. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

	The Company	
	2021 RM'000	2020 RM'000
Non-Current:		
Deposits with licensed banks	4,516	4,613
Current:		
Cash and bank balances	9,522	6,118
Total	14,038	10,731
Less: Deposits pledged as security	(4,516)	(4,613)
Cash and cash equivalents	9,522	6,118

The currency profile of deposits, cash and bank balances is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	110,523	117,781
Australian Dollar	84	-
United States Dollar	70	67
Total	110,677	117,848

	The Company	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	13,968	10,664
United States Dollar	70	67
Total	14,038	10,731

Included in long-term deposits with licensed banks of the Group are the following:

(i) amounts totalling RM8,863,000 (2020: RM9,375,000) that are pledged as security for banking facilities to facilitate the issuance of performance guarantees and tender bonds for the bidding of projects, and performance bonds on contracts for the management, operations and maintenance of water treatment plants as disclosed in Note 36; and

(ii) an amount of RM39,625,000 (2020: RM43,856,000) set aside under the Financial Service Reserve Account as part of the security arrangements of Islamic Medium-Term Notes as disclosed in Note 36.

Included in deposits with licensed banks of the Company are long-term deposits amounting to RM4,516,000 (2020: RM4,613,000) that are pledged as security for banking facilities to facilitate issuance of performance guarantees and tender bonds for the bidding of projects and as security for a revolving credit facility as disclosed in Note 36. Included in current deposits with licensed banks are short-term investments amounting to RM33,273,000 (2020: RM33,585,000) which are highly liquid investments that are readily convertible to known amounts of cash and have an insignificant risk of changes in value.

27. DEPOSITS, CASH AND BANK BALANCES (CONT'D)

The average interest rates of deposits of the Group and of the Company at the end of the reporting period ranging from 1.50% to 2.81% (2020: 1.60% to 3.40%) per annum and 1.60% to 1.65% (2020: 1.60% to 1.90%) per annum, respectively.

Deposits of the Group and of the Company have an average maturity ranging from 30 days to 365 days (2020: 30 days to 365 days) and from 30 days to 365 days (2020: 30 days to 365 days) respectively. Bank balances are deposits held at call with licensed banks.

28. INVENTORIES

	The Group	
	2021 RM'000	2020 RM'000
Consumable spares	1,554	1,364
Materials on site	733	1,537
	2,287	2,901

All of the Group's inventories are expected to be used within the next 12 months.

Materials on site are capitalised to construction work-in-progress when utilised.

Cost of inventories recognised as cost of sales during the year is RM15,930,000 (2020: RM18,273,000).

29. AMOUNT DUE FROM CONTRACT CUSTOMERS

	The Group	
	2021 RM'000	2020 RM'000
Construction contracts:		
Contract assets:		
Unbilled revenue of construction contracts (a)	3,694	6,321
Retention receivables of construction contracts (b)	3,303	6,000
Less: Loss allowance	(416)	(330)
	6,581	11,991

29. AMOUNT DUE FROM CONTRACT CUSTOMERS (CONT'D)

	The Company	
	2021	**2020**
	RM'000	**RM'000**
Construction contracts:		
Contract assets:		
Unbilled revenue of construction contracts (a)	308	2,289
Retention receivables of construction contracts (b)	-	1,814
Less: Loss allowance	-	(119)
	308	3,984

(a) Unbilled revenue included in contract assets represents the Group's and the Company's right to receive consideration for work completed but yet to be billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the Company and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group and the Company issue invoices for certified works performed.

(b) Retention receivables included in contract assets represent the Group's and the Company's right to receive consideration for work performed and yet to be billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group and the Company on the service quality of the construction work performed by the Group and the Company. The due dates for retention receivables are usually upon obtaining certificate of completion of making good defects.

There is no provision for foreseeable losses recognised during the previous and current financial year.

Typical payment terms which impact the amount of contract assets recognised are as follows:

The Group's and the Company's construction contracts include payment schedules which require stage payments over the construction period once certain specified milestones are reached.

The Group and the Company also typically agrees to a retention period ranging from 12 months to 24 months for 5% of the contract value. This amount is included in receivables until the end of the retention period at the Group's entitlement to this final payment is conditional on the issuance of certificate of making good defect by the customer.

The Group and the Company classifies these contract assets as current assets because the Group expects to realise them in its normal operating cycle ranging from 1 to 2 years.

29. AMOUNT DUE FROM CONTRACT CUSTOMERS (CONT'D)

Retention receivables are unsecured, interest-free and are expected to be collected as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within 1 year	1,185	2,510	-	-
1 year to 2 years	2,118	1,814	-	1,814
More than 2 years	-	1,676	-	-
	3,303	6,000	-	1,814

Significant changes in contract assets during the year are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Contract assets (other than retention sums) at the beginning of the period transferred to trade receivables	5,474	8,441	1,919	1,746
Retention sums receivables included in contract assets at the beginning of the period transferred to trade receivables	3,119	-	1,795	-

The Group and the Company apply an ECL rate, which is computed based on the historical time value loss rate from the timing of repayment of trade receivables, adjusted by forward-looking information that is available without undue cost or effort, to calculate the loss allowances for amount due from contract customers. At each reporting date, the Group and the Company review the ECL rate and re-measure the loss allowance amount.

Included in the retention receivables of the Group are the following:

	The Group	
	2021 RM'000	2020 RM'000
An amount owing from an associate	1,186	2,509

The above amounts owing mainly arose from trade transactions which are unsecured and interest free.

29. AMOUNT DUE FROM CONTRACT CUSTOMERS (CONT'D)

The following table shows the movements in lifetime ECL that has been recognised for contract assets in accordance with simplified approach set out in MFRS 9.

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	330	469	119	188
Net re-measurement of loss allowances	86	(139)	(119)	(69)
At 31 December	416	330	-	119

Included in amount due from contract customers are the following:

	The Group	
	2021 RM'000	2020 RM'000
Depreciation of property, plant and equipment (Note 15)	8	133
Rental of site office	5	19
Letter of credit charges	-	75

30. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current:				
Other receivables	23,814	26,633	-	-
Less: Loss allowance	(5,435)	(4,724)	-	-
	18,379	21,909	-	-
Current:				
Other receivables	4,420	4,663	359	-
Interest receivables	320	160	-	-
GST refundable	4,317	4,317	-	-
Prepayments	597	476	105	86
Deposits	1,692	1,874	984	983
Amount due from an associate	-	336	-	336
	11,346	11,826	1,448	1,405
Total	29,725	33,735	1,448	1,405

Arising from disposal of trade receivables to a special purpose bankruptcy remote vehicle, Starbright Capital Berhad, by Sungai Harmoni in 2019 under an asset-backed securitisation exercise, a deferred consideration of RM33,946,000 is to be repaid over a 9-year term, subject to the projected cash flows of Starbright Capital Berhad.

30. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

As at 31 December 2021, the outstanding deferred consideration included in other receivables of the Group is RM27,345,000 (2020: RM30,810,000) receivable from Starbright Capital Berhad. Out of this amount, the Group expects that RM3,531,000 (2020: RM4,177,000) will be collected in the next 12 months and thus has been classified as current assets. The remaining balance of RM23,814,000 (2020: RM26,633,000) has been classified as long-term other receivables and it is expected to be collected during the year 2023 to 2028 (2020: year 2022 to 2028).

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	4,724	3,072	-	-
Net re-measurement of loss allowances	711	1,652	-	-
At 31 December	5,435	4,724	-	-

During the year, the Group remeasured the loss allowance for other receivables at an amount equal to the lifetime ECL amounting to RM711,000 (2020: RM1,652,000) on the deferred consideration due from Starbright as disclosed in Note 9. The loss allowance is computed based on the time value loss rate from the timing of repayment of deferred consideration, adjusted by forward-looking information that is available without undue cost or effort. At each reporting date, the Group reviews the ECL rate and re-measures the loss allowance amount.

The amount due from an associate mainly arose from non-trade transactions which is interest free, unsecured and is expected to be repaid within the next 12 months.

31. AMOUNT DUE (TO)/FROM SUBSIDIARIES

	The Company	
	2021 RM'000	2020 RM'000
Non-current:		
Amount due from subsidiaries	3,465	3,465
Less: Loss allowance	(3,465)	(3,465)
	-	-
Current:		
Amount due to subsidiaries	(1,034)	(3,125)
	(1,034)	(3,125)

The non-current portion of amount due from subsidiaries arose from non-trade transactions, which is interest free, unsecured and is not expected to be repaid within the next 12 months.

The current portion of amount due to subsidiaries arose from trade transactions, which is interest free, unsecured and repayable on demand.

32. INVESTMENT DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

Investments designated at FVTPL comprise investments in quoted unit trusts in money market securities instruments that are not held for trading.

The movements in the investments designated at FVTPL during the financial year is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As of 1 January	386,326	585,061	5	26,505
Additions	366,425	56,222	300,652	6,096
Disposals	(406,675)	(254,632)	(5)	(32,596)
Fair value changes recognised in profit or loss (Notes 8 and 9)	367	(325)	198	-
As of 31 December	346,443	386,326	300,850	5

33. SHARE CAPITAL

	The Group and The Company			
	2021		2020	
	Number of shares '000	Nominal value RM'000	Number of shares '000	Nominal value RM'000
Issued and fully paid:				
As of 1 January/31 December	2,015,817	438,354	2,015,817	438,354

34. MERGER DEFICIT

	The Group	
	2021 RM'000	2020 RM'000
Merger deficit	71,500	71,500

The merger deficit is derived from the following:

	Nominal Value of Shares Issued RM'000	Nominal Value of Shares Acquired RM'000	Merger Deficit RM'000
Subsidiaries acquired in the financial year ended 31 December 2000:			
Sungai Harmoni Sdn. Bhd.	47,000	(5,000)	42,000
Taliworks (Langkawi) Sdn. Bhd.	32,500	(3,000)	29,500
	79,500	(8,000)	71,500

35. RETAINED EARNINGS

The Company is currently under the single-tier income tax system.

The entire retained earnings of the Company as of the end of the reporting period are available for distribution as single-tier dividends under the single-tier income tax system. Under this system, tax on a company's profit is a final tax and dividends distributed to shareholders will be exempted from tax.

36. BORROWINGS

	The Group	
	2021 RM'000	2020 RM'000
Non-Current:		
Islamic Medium-Term Notes ("IMTN")	328,540	358,159
Current:		
Islamic Medium-Term Notes ("IMTN")	30,000	30,000
Total:		
IMTN (a)	358,540	388,159

The Group and the Company have a total of RM874,121,000 and RM105,121,000 (2020: RM857,000,000 and RM75,000,000) of credit facilities, respectively comprising revolving credit and other trade financing facilities granted by financial institutions and RM750,000,000 in nominal value IMTN programme.

Facilities of the Group amounting to RM826,121,000 (2020: RM809,000,000) are secured by way of either proceeds deposited into designated bank accounts, fixed deposits and/or corporate guarantee from the Company.

Facilities of the Company amounting to RM57,121,000 (2020: RM27,000,000) are secured by way of proceeds deposited into designated bank accounts and fixed deposits.

In the event of default in any of the subsidiaries' borrowings, there is no recourse against the Company, except for corporate guarantees amounting to RM Nil (2020: RM20,000,000) issued to financial institutions for banking facilities secured by certain subsidiaries.

36. BORROWINGS (CONT'D)

(a) IMTN

	The Group	
	2021	**2020**
	RM'000	**RM'000**
As of 1 January	388,159	417,612
Redeemed	(30,000)	(30,000)
Interest imputed in borrowing (Note 9)	381	547
As of 31 December	358,540	388,159
Analysed as:		
Non-current liabilities	328,540	358,159
Current liabilities	30,000	30,000
	358,540	388,159

The non-current portion is repayable as follows:

	The Group	
	2021	**2020**
	RM'000	**RM'000**
Between 1 to 2 years	29,936	29,925
Between 2 to 5 years	149,276	139,207
Over 5 years	149,328	189,027
As of 31 December	328,540	358,159

The Ringgit Malaysia denominated IMTN was issued by a subsidiary, Cerah Sama Sdn. Bhd. under the Islamic principle of Musyarakah. Profits shall be paid on a semi-annual basis, and the IMTNs are secured by the following:

(i) Deposits with licensed banks, set aside under the subsidiary's Financial Service Reserve Account as disclosed in Note 27;

(ii) the subsidiary's equity interest in ordinary shares of all of its subsidiaries as disclosed in Note 20; and

(iii) the subsidiary's revenue and income including but not limited to any dividends and distributions, whether income or capital in nature, from its group of companies.

The IMTN bears profit at fixed rates ranging from 4.68% to 5.39% (2020: 4.48% to 5.39%) per annum. The weighted average profit rate that was effective as of the end of the reporting period is 5.1% (2020: 5.0%).

36. BORROWINGS (CONT'D)

(a) IMTN (Cont'd)

The RM420 million in nominal value IMTN is repayable over 11 annual instalments commencing 2020. During the year, the second tranche of the IMTN amounting to RM30,000,000 in nominal value was redeemed in full at maturity on 31 January 2021. The repayment terms of the remaining IMTN tranches are as follows:-

(i) a nominal value of RM90,000,000 in which each RM30,000,000 is repayable annually from 2022 to 2024;

(ii) a nominal value of RM120,000,000 in which each RM40,000,000 is repayable annually from 2025 to 2027; and

(iii) a nominal value of RM150,000,000 in which each RM50,000,000 is repayable annually from 2028 to 2030.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	As of 1 January RM'000	Repayments RM'000	Others RM'000	As of 31 December RM'000
The Group				
2021				
IMTN	388,159	(30,000)	381	358,540
Lease liabilities	15,330	(2,705)	-	12,625
	403,489	(32,705)	381	371,165
2020				
Revolving credit	50,000	(50,000)	-	-
IMTN	417,612	(30,000)	547	388,159
Lease liabilities	17,933	(2,436)	(167)	15,330
	485,545	(82,436)	380	403,489
The Company				
2021				
Lease liabilities	15,330	(2,705)	-	12,625
2020				
Revolving credit	50,000	(50,000)	-	-
Lease liabilities	17,933	(2,436)	(167)	15,330
	67,933	(52,436)	(167)	15,330

37. LEASE LIABILITIES

	The Group and The Company 2021 RM'000	The Group and The Company 2020 RM'000
Non-Current:		
Lease liabilities	9,950	12,625
Current:		
Lease liabilities	2,675	2,705
Total	12,625	15,330

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The lease liabilities are denominated in Ringgit Malaysia and comprises leases on office premises and obligations under finance lease on motor vehicles.

(a) Office premises

In 2019, the Group renewed the rental of its office premises. The rental tenure is for 3 years with the option for renewal of one term of 3 years up to 31 December 2025. The Group and the Company applied the incremental borrowing rate to the lease liabilities of 5.30% (2020: 5.30%) per annum.

(b) Obligations under finance lease

In the previous year, the Group's and the Company's obligations under finance lease bore effective interest rate at 2.22% per annum.

The maturity analysis of the future lease payments at the reporting date are as follows:

	The Group and The Company 2021 RM'000	The Group and The Company 2020 RM'000
Maturity analysis:		
Year 1	2,675	2,705
Year 2	3,147	2,675
Year 3	3,313	3,147
Year 4	3,490	3,313
Year 5	-	3,490
Present value	12,625	15,330

38. TRADE PAYABLES

	The Group	
	2021 RM'000	2020 RM'000
Non-Current:		
Trade payables (a)	-	16,043
Retention sums (b)	973	1,117
Less: Interest income imputed in retention sum	(80)	(121)
Net	893	17,039
Current:		
Trade payables (a)	36,508	37,662
Retention sums (b)	5,008	7,191
Net	41,516	44,853
Total	42,409	61,892

(a) Arising from the debt settlement arrangement between Sungai Harmoni and certain major trade payables in 2019, the latter waived 10% on the gross outstanding payables totalling RM87,429,000, equivalent to RM8,743,000. Out of the remaining outstanding balance, the amount totalling RM56,060,000 was agreed to be repaid over a period of three (3) years, commencing from 31 March 2020 and ending on 31 March 2022.

As at 31 December 2021, the Group has classified the outstanding payables of RM16,984,000, as current, representing the final instalment under the debt settlement arrangement (2020: RM35,670,000) and accordingly, a reversal of gain on modification of RM941,000 (2020: RM1,833,000) on trade payables has been recognised pursuant to MFRS 9 as disclosed in Note 9. As at the date of the authorisation of the financial statements, the amount has been fully settled.

(b) At the end of the financial year, the Group has a retention sum owing to contractors amounting to approximately RM5,981,000 (2020: RM8,308,000). Out of this amount, the Group anticipated that RM5,008,000 (2020: RM7,191,000) will be repaid in the next 12 months and thus has been classified as current. The remaining outstanding balance of RM973,000 (2020: RM1,117,000) has been classified as long-term payables, and it is expected to be released to contractors in year 2023 and 2024 (2020: 2022 and 2024).

The directors consider that the carrying amount of trade payables approximate to their fair values.

38. TRADE PAYABLES (CONT'D)

The movement in interest income imputed in retention sum during the financial year is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Non-Current:		
As of 1 January	121	186
Reversal (Notes 9)	(41)	(65)
As of 31 December	80	121

The average credit period of trade payables is 30 days. No interest is charged by the trade payables for balances which are past due.

Included in trade payables of the Group are the following:

	The Group	
	2021 RM'000	2020 RM'000
(i) an amount owing to a company in which a director and major shareholders have an interest	12,802	28,562
(ii) an amount owing to a company in which major shareholders have an interest	6,013	12,287
(iii) an amount owing to an associate	4,267	2,603

The above amounts owing mainly arose from trade transactions which are unsecured, interest free and repayable on demand.

39. PROVISIONS

	The Group	
	2021 RM'000	2020 RM'000
Provision for heavy repairs	24,143	22,730
Provision for restoration costs	1,372	3,016
	25,515	25,746
Current	563	2,207
Non-current	24,952	23,539
	25,515	25,746

	The Company	
	2021 RM'000	2020 RM'000
Provision for restoration costs	809	809
Non-current	809	809

The Group	Provision for heavy repairs RM'000	Provision for restoration costs RM'000	Total RM'000
As of 1 January 2020	18,562	3,177	21,739
Provision for the year	4,168	2,093	6,261
Utilisation for the year	-	(2,254)	(2,254)
As of 31 December 2020/1 January 2021	22,730	3,016	25,746
Provision for the year	4,222	165	4,387
Utilisation for the year	(2,809)	(1,809)	(4,618)
As of 31 December 2021	24,143	1,372	25,515

39. PROVISIONS (CONT'D)

The Company	**Provision for restoration costs RM'000**
As of 1 January 2020/31 December 2020/ 1 January 2021/31 December 2021	809

Provision of heavy repairs of the Group represents management's best estimate of Grand Saga Sdn. Bhd., a subsidiary's obligation to perform heavy repairs for the concession of Cheras-Kajang Highway.

Provision for restoration costs of the Group represents management's best estimate of the liability to restore the concession assets under Taliworks Langkawi, a subsidiary as at the date of expiration of the Privatisation Contract on 31 October 2020 as disclosed in Note 26(a), and the liability to restore the leased office premises for the Group and the Company at the end of the lease term.

40. DEFERRED INCOME

	The Group	
	2021 RM'000	**2020 RM'000**
Rental and maintenance fee:		
As of 1 January	1,728	1,845
Addition	133	-
Recognised in profit or loss (Note 8)	(120)	(117)
As of 31 December	1,741	1,728
Government compensation:		
As of 1 January	106,288	122,254
Recognised in profit or loss (Note 6)	(15,375)	(15,966)
As of 31 December	90,913	106,288
Current	14,864	15,375
Non-current	77,790	92,641
Total deferred income	92,654	108,016

The description of deferred income has been disclosed in Note 3.

41. OTHER PAYABLES AND ACCRUALS

	The Group 2021 RM'000	The Group 2020 RM'000
Non-Current:		
Other payables	-	7,083
Less: Interest income imputed in other payables (Note 8)	-	(408)
	-	6,675
Current:		
Other payables and accruals	9,957	18,021
Interest payables	7,667	8,351
Net	17,624	26,372
Total	17,624	33,047

	The Company 2021 RM'000	The Company 2020 RM'000
Other payables and accruals	1,738	2,436

Included in other payables are an outstanding Goods and Services Tax ("GST") payable owing to Royal Malaysian Customs Department ("RMCD") by Sungai Harmoni.

Based on the agreed terms of settlement with RMCD, the amount owing to RMCD of RM14,693,000, comprises outstanding GST payables of RM10,625,000 and GST penalty of RM4,068,000, to be repaid over a period of 36 monthly installments of RM408,000 each, commencing from 28 January 2021 and ending on 28 December 2023.

Accordingly, an accrual of GST payables of RM10,625,000 has been recognised in the previous financial year, of which RM3,542,000 was classified as current while the remaining GST payables of RM7,083,000 was classified as non-current. During the current financial year, the outstanding GST payables was fully repaid and accordingly, the Group recognised a reversal of gain on modification of RM408,000 as disclosed in Note 9 (2020: gain on modification of RM408,000 as disclosed in Note 8) to the financial statements.

Sungai Harmoni disagreed with the GST penalty imposed and has appealed against the penalty and therefore, no provision has been made in the previous financial statements. On 26 November 2021, RMCD approved the company's application to waive the GST penalty amounting to RM4,068,000.

41. OTHER PAYABLES AND ACCRUALS (CONT'D)

Included in other payables and accruals of the Group and of the Company are the following:

	The Group	
	2021 RM'000	2020 RM'000
(a) an amount owing to a company in which a director and major shareholders have an interest	101	151

	The Company	
	2021 RM'000	2020 RM'000
(a) an amount owing to a company in which a director and major shareholders have an interest	31	35

The above amounts owing mainly arose from non-trade transactions which are unsecured, interest free and repayable on demand.

42. DIVIDENDS

Dividends declared and paid/payable in respect of the financial year are as follows:

	The Group and The Company	
	Gross dividend per share Sen	Amount of dividend, net of tax RM'000
2021		
Dividends paid:		
In respect of the financial year ended 31 December 2020:	1.65	33,261
Fourth interim single-tier dividend paid on 31 March 2021		
In respect of the financial year ended 31 December 2021:		
First interim single-tier dividend paid on 30 June 2021	1.65	33,261
Second interim single-tier dividend paid on 30 September 2021	1.65	33,261
Third interim single-tier dividend paid on 31 December 2021	1.65	33,261
		133,044

On 22 February 2022, the directors declared a fourth interim single-tier dividend of 1.65 sen per share amounting to approximately RM33,260,990 in respect of the current financial year, to be paid on 25 March 2022. This dividend has not been included as a liability in the statements of financial position as of 31 December 2021. The dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2022.

The directors do not recommend any final dividend in respect of the current financial year.

42. DIVIDENDS (CONT'D)

	The Group and The Company	
	Gross dividend per share Sen	**Amount of dividend, net of tax RM'000**
2020		
Dividends paid:		
In respect of the financial year ended 31 December 2019:		
Fourth interim single-tier dividend paid on 27 March 2020	1.65	33,261
In respect of the financial year ended 31 December 2020:		
First interim single-tier dividend paid on 19 June 2020	1.65	33,261
Second interim single-tier dividend paid on 30 September 2020	1.65	33,261
Third interim single-tier dividend paid on 31 December 2020	1.65	33,261
		133,044

43. FINANCIAL INSTRUMENTS

Capital Risk Management

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, institute share-buy-backs or increase the level of debt.

Consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the statements of financial position) less deposits, cash and bank balances and investments designated at FVTPL. Total capital is the "total equity attributable to owners of the Company" as shown in the statements of financial position.

The Group's and the Company's strategy, which was unchanged from the previous year, is to maintain the gearing ratio of less than 100%.

43. FINANCIAL INSTRUMENTS (CONT'D)

Capital Risk Management (Cont'd)

The gearing ratios at the end of each reporting period are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Total borrowings (Note 36)	358,540	388,159	-	-
Less: Deposits, cash and bank balances (Note 27)	(110,677)	(117,848)	(14,038)	(10,731)
Less: Investments designated at FVTPL (Note 32)	(346,443)	(386,326)	(300,850)	(5)
Net debt	-	-	-	-
Total capital	904,803	959,347	929,179	626,376
Net gearing ratio	N/A	N/A	N/A	N/A

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

Categories of financial instruments

	The Group	
	2021 RM'000	2020 RM'000
Financial assets		
Financial assets at amortised cost:		
Trade receivables	50,523	91,716
Other receivables and deposits (Note 30)	24,811	28,942
Deposits, cash and bank balances	110,677	117,848
Financial assets at FVTPL:		
Investment designated at FVTPL	346,443	386,326
Other investment	240	240
Financial assets at FVTOCI:		
Investment in redeemable preference shares of a joint venture (Note 21)	36,424	36,424
Financial liabilities		
Financial liabilities at amortised cost:		
Trade payables	42,409	61,892
Other payables and accruals	17,624	33,047
Borrowings	358,540	388,159
Lease liabilities	12,625	15,330

43. FINANCIAL INSTRUMENTS (CONT'D)

Categories of financial instruments (Cont'd)

	The Company	
	2021 RM'000	2020 RM'000
Financial assets		
Financial assets at amortised cost:		
Other receivables and deposits (Note 30)	1,343	1,319
Deposits, cash and bank balances	14,038	10,731
Financial assets at FVTPL:		
Investment designated at FVTPL	300,850	5
Financial assets at FVTOCI		
Investment in redeemable preference shares of a subsidiary (Note 20)	238,012	238,012
Investment in redeemable preference shares of a joint venture (Note 21)	36,424	36,424
Financial liabilities		
Financial liabilities at amortised cost:		
Other payables and accruals	1,738	2,436
Amount due to subsidiaries	1,034	3,125
Lease liabilities	12,625	15,330

Financial Risk Management Objectives

The Group's and the Company's activities in the normal course of business expose it to a variety of financial risks, including foreign currency, interest rate, credit and liquidity risks. The Group's and the Company's overall financial risk management objective is to minimise potential adverse effects of these risks on the financial performance of the Group and of the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to prudent financial risk management policies.

The Group and the Company do not use derivative financial instruments as the nature and size of its financial assets and liabilities do not warrant the use of such instruments at present. It does not trade in financial instruments.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group and the Company are not exposed to significant foreign currency risk as there are no transactions undertaken denominated in currencies other than the functional currencies of the entities.

Sensitivity analysis for foreign currency risk

The Group's and the Company's exposure to foreign currency risk is not material and hence, sensitivity analysis is not presented.

43. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives (Cont'd)

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate due to changes in market interest rates. Interest rate exposure primarily arises from the Group's and the Company's deposits and borrowings. Borrowings obtained at fixed rates expose the Group and the Company to fair value interest rate risk. The Group and the Company closely monitor the interest rate trend on an ongoing basis. Decisions in respect of fixed or floating rate debt structure and tenure of borrowings and deposits are made based on the expected trend of interest rate movements.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's pre-tax profit for the financial year would have been RM2,766,000 and RM45,000 (2020: RM3,011,000 and RM46,000) higher/lower respectively, arising mainly as a result of lower/higher finance costs on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on a prudent estimate of the current market environment.

The above sensitivity analysis excludes finance lease liabilities as their interest rates are fixed at the inception of the financing arrangement.

Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises when services or sales are made on deferred credit terms. The credit risk of the Group and the Company is concentrated in a few customers. The Group and the Company consider the risk of material loss in the event of non-performance by the financial counter-party or customer to be unlikely beyond amounts allowed for collection losses in the Group's and the Company's receivables. Further disclosure is made in Note 26.

Maximum exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of their trade and other receivables as disclosed in the statements of financial position, in the event that all their customers fail to perform their obligations at the end of the reporting period.

Investments designated at FVTPL comprise investment in liquid securities primarily in quoted unit trusts in money market securities instruments managed by companies that are authorised to issue or offer for purchase of units of a Unit Trust Scheme as defined under the Capital Markets and Services Act, 2007 of Malaysia. The carrying amount of investments designated at FVTPL disclosed in Note 32 best represents their maximum exposure to credit risk.

The Group and the Company do not hold any collateral or credit enhancements to cover its credit risk associated with its receivables.

As disclosed in Note 26, the concentration of credit risk is in the two largest customers. Apart from this, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

43. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risk Management Objectives (Cont'd)

Maximum exposure to credit risk (Cont'd)

The credit quality of deposits, cash and bank balances assessed by reference to external credit ratings or to historical information about counterparty default rates is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits, cash and bank balances (Note 27):				
External credit rating (as rated by a rating agency in Malaysia):				
AAA	104,732	116,578	13,397	9,893
AA2	5,145	1,094	635	824
AA3	648	-	-	-
Without external credit rating	152	176	6	14
	110,677	117,848	14,038	10,731

Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. Liquidity risk is managed by maintaining an adequate level of cash reserves and committed credit facilities, and close monitoring of working capital requirements. The Group and the Company seek to maintain flexibility in funding by keeping committed credit lines available. If required, the Group and the Company will raise additional funds through external borrowings or from the capital markets.

In circumstances where current liabilities exceed current assets and there is a deficit in shareholders' funds, the Company may undertake to provide financial support to its subsidiaries to enable the subsidiaries to meet their liabilities as and when they fall due.

43. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity Risk (Cont'd)

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows.

	Weighted average effective interest rate %	Less than 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	Over 5 years RM'000	Total RM'000
The Group						
2021						
Non-interest bearing:						
Trade payables	-	41,516	-	-	-	41,516
Other payables and accruals	-	17,624	-	-	-	17,624
Financial guarantee*	-	-	-	-	-	-
Interest bearing:						
Trade payables	4.0 to 8.0	-	973	-	-	973
Borrowings	4.68 to 5.39	47,552	46,264	148,798	211,055	453,669
Lease liabilities	5.3	3,344	3,674	7,348	-	14,366
		110,036	50,911	156,146	211,055	528,148
2020						
Non-interest bearing:						
Trade payables	-	18,975	-	-	-	18,975
Other payables and accruals	-	22,830	-	-	-	22,830
Financial guarantee*	-	-	-	-	-	-
Interest bearing:						
Trade payables	5.3 to 8.0	25,878	17,662	439	-	43,979
Other payables	4.05	3,542	3,542	3,541	-	10,625
Borrowings	4.58 to 5.39	48,926	47,552	144,045	262,071	502,594
Lease liabilities	2.2 to 5.3	3,513	3,344	11,022	-	17,879
		123,664	72,100	159,047	262,071	616,882

43. FINANCIAL INSTRUMENTS (CONT'D)

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the undiscounted contractual cash flows. (Cont'd)

	Weighted average effective interest rate %	Less than 1 year RM'000	Between 1 to 2 years RM'000	Between 2 to 5 years RM'000	Over 5 years RM'000	Total RM'000
The Company						
2021						
Non-interest bearing:						
Other payables and accruals	-	1,738	-	-	-	1,738
Amount due to subsidiaries	-	1,034	-	-	-	1,034
Financial guarantee*	-	-	-	-	-	-
Interest bearing:						
Lease liabilities	5.3	3,344	3,674	7,348	-	14,366
		6,116	3,674	7,348	-	17,138
2020						
Non-interest bearing:						
Other payables and accruals	-	2,436	-	-	-	2,436
Amount due to subsidiaries	-	3,125	-	-	-	3,125
Financial guarantee*	-	-	-	-	-	-
Interest bearing:						
Lease liabilities	2.2 to 5.3	3,513	3,344	11,022	-	17,879
		9,074	3,344	11,022	-	23,440

* At the end of the reporting period, no events have arisen which may cause the Financial Guarantees provided by the Group and the Company to be called upon or claimed by any counterparty pursuant to the relevant contracts entered by the Group or the Company. Consequently, the amount included is RM Nil.

Financing Facilities

The Group and the Company have access to financing facilities as described in Note 36, of which RM449,807,000 and RM57,314,000 (2020: RM445,375,000 and RM69,882,000) were unused at the reporting date. The Group and the Company expect to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

44. FAIR VALUE MEASUREMENT

This note provides information about how the Group and the Company determine fair values of various financial assets and liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) **Financial assets that are measured at fair value**

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2021				
Investment designated at FVTPL:				
Investment in golf membership	-	-	240	240
Investment in unquoted unit trusts	-	346,443	-	346,443
Investment designated at FVTOCI:				
Investment in redeemable preference shares of a joint venture	-	-	36,424	36,424
2020				
Investment designated at FVTPL:				
Investment in golf membership	-	-	240	240
Investment in unquoted unit trusts	-	386,326	-	386,326
Investment designated at FVTOCI:				
Investment in redeemable preference shares of a joint venture	-	-	36,424	36,424

44. FAIR VALUE MEASUREMENT (CONT'D)

(a) Financial assets that are measured at fair value (Cont'd)

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy: (Cont'd)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Company				
2021				
Investment designated at FVTPL:				
Investment in unquoted unit trusts	-	300,850	-	300,850
Investment designated at FVTOCI:				
Investment in redeemable preference shares of a subsidiary	-	-	238,012	238,012
Investment in redeemable preference shares of a joint venture	-	-	36,424	36,424
2020				
Investment designated at FVTPL:				
Investment in unquoted unit trusts	-	5	-	5
Investment designated at FVTOCI:				
Investment in redeemable preference shares of a subsidiary	-	-	238,012	238,012
Investment in redeemable preference shares of a joint venture	-	-	36,424	36,424

There was no transfer between Levels 1, 2 and 3 during the year.

For investment in unquoted unit trusts in general, fair values have been estimated by reference to quotes published by unit trust companies.

For investment in redeemable preference shares of a subsidiary and a joint venture, fair values have been estimated by discounting the projected cash flows of dividends to be distributed by the subsidiary and joint venture up to the expiry date of the concession agreements at cost of equity of the respective subsidiary and joint venture.

For investment in golf membership, the fair value is based on market comparison technique, comparing to quoted prices of other comparable golf club memberships.

44. FAIR VALUE MEASUREMENT (CONT'D)

(b) **Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)**

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
The Group				
2021				
IMTN	-	382,864	-	382,864
2020				
IMTN	-	429,010	-	429,010

The fair value of IMTN was determined from future cash flows discounted using current market profit rates available for similar financial instruments of 2.50% to 4.47% (2020: 2.55% to 3.70%).

45. SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions described below were carried out in the normal course of business on agreed terms and prices.

The related parties and the relationship with the Company are as follows:

Related party	Relationship
Alam Ria Sdn. Bhd.	Common director and common major shareholders
Perangsang Water Management Sdn. Bhd.	Indirect common major shareholder
Exitra Sdn. Bhd.	Common director and indirect common major shareholder
Exitra Solutions Sdn. Bhd.	Common director and indirect common major shareholder
GSL Realty Sdn. Bhd.	Common director and indirect common major shareholder
Sungai Harmoni Sdn. Bhd.	Subsidiary
Taliworks (Langkawi) Sdn. Bhd.	Subsidiary
Taliworks Construction Sdn. Bhd.	Subsidiary
Grand Saga Sdn. Bhd.	Subsidiary
TEI Sdn. Bhd.	Subsidiary
Grand Sepadu (NK) Sdn. Bhd.	Subsidiary of joint venture
Aqua-Flo Sdn. Bhd.	Associate
SWM Environment Holdings Sdn. Bhd.	Associate
LGB Taliworks Consortium Sdn. Bhd.	Associate

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

In addition to related party disclosures disclosed elsewhere in the financial statements, set out below are other significant related party transactions:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Purchase of water treatment chemicals and related equipment or systems from and design, supply, install, testing and commissioning of equipment for water treatment plant from:				
Aqua-Flo Sdn. Bhd.	16,392	18,831	-	-
Contractual payments in respect of technical support and management services to:				
Alam Ria Sdn. Bhd. (a)	6,874	6,764	-	-
Perangsang Water Management Sdn. Bhd. (a)	3,437	3,382	-	-
Contractual payments in respect of royalty fees to:				
Alam Ria Sdn. Bhd. (a)	-	2,632	-	-
Purchase of hardware and software and service rendered in relation to information technology services and maintenance fee paid to:				
Exitra Sdn. Bhd. (b)	1,368	1,789	308	321
Exitra Solutions Sdn. Bhd. (b)	141	147	94	97
Rental of office premises paid to:				
GSL Realty Sdn. Bhd. (b)	3,344	3,344	3,344	3,344
Progress billings:				
LGB Taliworks Consortium Sdn. Bhd.	2,361	4,660	-	-
Income from subleasing right-of-use assets:				
Sungai Harmoni Sdn. Bhd.	-	-	295	281
Taliworks Construction Sdn. Bhd.	-	-	493	468
Management fee from:				
Subsidiaries:				
Sungai Harmoni Sdn. Bhd.	-	-	2,882	3,034
Taliworks (Langkawi) Sdn. Bhd.	-	-	-	1,245
Taliworks Construction Sdn. Bhd.	-	-	747	786
Grand Saga Sdn. Bhd.	-	-	2,820	2,969
Joint venture:				
Grand Sepadu (NK) Sdn. Bhd.	1,391	1,464	1,391	1,464
Associates:				
SWM Environment Holdings Sdn. Bhd. (b)	3,610	3,800	3,610	3,800
Total (Note 6)	5,001	5,264	11,450	13,298

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

In addition to related party disclosures disclosed elsewhere in the financial statements, set out below are other significant related party transactions: (Cont'd)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Dividend income from:				
Subsidiaries:				
Taliworks (Langkawi) Sdn. Bhd.	-	-	37,620	-
Sungai Harmoni Sdn. Bhd.	-	-	362,300	157,250
TEI Sdn. Bhd.	-	-	20,400	16,320
Joint venture:				
Pinggiran Muhibbah Sdn. Bhd.	-	-	1,350	7,650
Associates:				
SWM Environment Holdings Sdn. Bhd. (b)	-	-	14,699	3,500
Aqua Flo Sdn. Bhd.	-	-	901	826
Total (Note 6)	-	-	437,270	185,546

(a) The contractual payments relating to the operations and maintenance of water treatment plants are based on fee rates stated in the respective agreements entered into by Alam Ria Sdn. Bhd. and Perangsang Water Management Sdn. Bhd. with Sungai Harmoni and Taliworks Langkawi. The contractual agreement in respect of technical support and management services between Sungai Harmoni and Alam Ria Sdn. Bhd. and Perangsang Water Management Sdn. Bhd. was entered into in 2000. The contractual agreement in respect of royalty fees between Taliworks Langkawi and Alam Ria Sdn. Bhd. was originally entered into in 1996 has expired alongside with the expiration of the Privatisation Contract on 31 October 2020.

Lim Chin Sean is a director and major shareholder of the Company. He is also a director and major shareholder of Alam Ria Sdn. Bhd., and deemed a major shareholder in Perangsang Water Management Sdn. Bhd..

(b) Lim Chin Sean is a director of Exitra Sdn. Bhd., Exitra Solutions Sdn. Bhd. and GSL Realty Sdn. Bhd.. He is also deemed a major shareholder in these companies as well as in SWM Environment Holdings Sdn. Bhd..

45. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include Executive Director of the Company and certain members of senior management of the Group and of the Company.

The remuneration of Executive Director and other members of key management during the financial year are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fees	144	144	120	120
Wages, salaries and bonus	4,255	4,343	2,467	2,397
Defined contribution plan	395	392	238	227
Other emoluments	352	369	201	208
	5,146	5,248	3,026	2,952

Included in total key management remuneration of the Group and of the Company is remuneration (consisting of fees, salaries, bonus, defined contribution plan and other remuneration) of the Company's Executive Director of RM640,000 (2020: RM609,000) and RM612,000 (2020: RM581,000) respectively.

Benefits in kind received by Executive Director and other members of key management of the Group and of the Company are RM144,000 (2020: RM149,000) and RM103,000 (2020: RM96,000) respectively.

46. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

Capital commitments not provided for in the financial statements are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Authorised but not contracted for:				
Property, plant and equipment	4,264	3,847	419	1,610

Contingent liabilities

There are no contingent liabilities in the Group and in the Company which have arisen as at the end the financial year. The contingent liabilities of the Group in the previous year amounted RM4,068,000 represents the GST penalty as disclosed in Note 38 to the financial statements.

47. OPERATING LEASE ARRANGEMENTS

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to its investment properties, the advertisement billboards, rest and services area along its highways to business operators or retailers. The Group entered into operating lease arrangements of between 1 to 5 years, with extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Year 1	252	262	803	803
Year 2	76	35	2	791
Year 3	64	3	-	-
Year 4	33	-	-	-
	425	300	805	1,594

48. SIGNIFICANT EVENTS

(a) Development of Coronavirus Pandemic

The Malaysia Government has implemented various phases of Movement Control Order ("MCO") in certain areas and nationwide since the start of the pandemic in 2020. During the first half of the year, the rollout of National COVID-19 Immunisation Programme and the Government's economic stimulus packages have contributed to a gradual reopening of major economic activities and relaxation of restrictions. Whilst the Malaysia's economy continues to recover from the impact of COVID-19 due to rising rate of population being vaccinated, the emergence of new COVID-19 variants has made the timeline for full recovery to be uncertain.

The Group closely monitors the situation and continuously assesses the impact to its operations and financial performance of the Group. The COVID-19 pandemic has not adversely affect the fundamentals and going concern of the Group's business operations except for the reduction in toll collections due to travel restrictions imposed during the MCO. However, the toll collection began to resume with the reopening of business sectors and relaxing restrictions for fully vaccinated individuals under the Government's National Recovery Plan.

48. SIGNIFICANT EVENTS (CONT'D)

(b) Venture into the renewable energy business

On 30 November 2020 and 15 December 2020, TRSB, a wholly-owned subsidiary of the Company, executed two (2) separate Conditional Share Sale and Purchase Agreements ("SSPA") to acquire the entire equity interest in four solar projects held by feed-in approval holders namely Fortune 11 Sdn. Bhd. ("F11"), Corporate Season Sdn. Bhd. ("CS") and Silverstar Pavilion Sdn. Bhd. ("SP") (collectively known as "FIAHs"), with an aggregate capacity of 19MW within the vicinity of the Kuala Lumpur International Airport.

The proposed acquisition entails the following:

(i) direct acquisition of the entire equity interest in Sunedison Solar Holdings 1 Pte. Ltd. ("SE1"), Sunedison Solar Holdings 2 Pte. Ltd. ("SE2"), Sunedison Solar Holdings 3 Pte. Ltd. ("SE3") and Terraform Global Operating (Malaysia) Sdn. Bhd. ("TGOM"), for a purchase consideration of RM144.1 million where SE1, SE2 and SE3 held majority economic interest in each of the FIAH.

(ii) direct acquisition of the remaining equity interest in FIAHs not held by SE1, SE2 and SE3 for a purchase consideration of RM36.3 million.

On 30 November 2021, the SSPA of the proposed acquisition (i) has been extended to 15 March 2022 and was further extended until 15 June 2022 on 15 March 2022. On 25 March 2022, the SSPA for the proposed acquisition (ii) which has lapsed on 16 December 2021 was extended to 15 June 2022 with the purchase consideration being revised to RM37.5 million. Upon completion of the proposed acquisitions, SE1, SE2, SE3 and TGOM will become wholly-owned subsidiaries of TRSB. Accordingly, TRSB will hold the entire equity interest in FIAHs via direct ownership in SE1, SE2 and SE3 and remaining equity interest in FIAHs not held by SE1, SE2 and SE3.