TALIWORKS CORPORATION
LGB Group

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2014 (UNAUDITED)

CONTENTS

This Report is authorised for public release on 12 February 2015

CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	31 Dec 2014 RM'000	31 Dec 2013 RM'000 (Audited)
ASSETS			
Property, plant and equipment		40,507	22,319
Investment properties		260	394
Intangible assets	A1(b)	1,689,103	456,160
Investment in joint venture		74,621	122,245
Investment in associate		5,881	5,171
Other investments		240	-
Goodwill on consolidation		131,889	2,504
Deferred tax assets		16,055	8,730
Long term trade receivables		199,754	157,502
Long term other receivables		625	548
Deposits, cash and bank balances		32,877	20,572
Total Non-Current Assets		**2,191,812**	**796,145**
Inventories		1,207	1,109
Amount due from contract customers		1,411	1,164
Trade receivables		179,632	192,841
Other receivables, deposits and prepayments		88,571	5,796
Dividend receivable		380	-
Tax recoverable		7,983	4,909
Available-for-sale financial assets	A1(c)	114,459	25,460
Deposits, cash and bank balances		211,488	23,477
		605,131	**254,756**
Asset held for sale		125	-
Total Current Assets		**605,256**	**254,756**
TOTAL ASSETS		**2,797,068**	**1,050,901**
EQUITY AND LIABILITIES			
Share capital		218,246	218,246
Reserves		633,260	387,311
Total Equity Attributable to Owners of the Company		**851,506**	**605,557**
Non-controlling interests		523,333	4,990
Total Equity		**1,374,839**	**610,547**
LIABILITIES			
Long-term borrowings	B7	719,138	305,172
Deferred tax liabilities		254,521	2,246
Long term trade payables		6,365	3,547
Deferred income	A1(a)(ii)	189,521	-
Provision for heavy repairs		9,099	-
Total Non-Current Liabilities		**1,178,644**	**310,965**
Amount due to contract customers		-	336
Trade payables		75,637	60,315
Other payables and accruals		129,193	34,346
Tax liabilities		5,017	3,240
Short-term borrowings	B7	21,756	31,152
Deferred income	A1(a)(ii)	11,982	-
Total Current Liabilities		**243,585**	**129,389**
TOTAL LIABILITIES		**1,422,229**	**440,354**
TOTAL EQUITY AND LIABILITIES		**2,797,068**	**1,050,901**
Net assets per share attributable to owners of the Company (RM)		**1.9508**	**1.3873**

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months Ended 31 Dec 2014 RM'000	3 Months Ended 31 Dec 2013 RM'000 (restated)	12 Months Ended 31 Dec 2014 RM'000	12 Months Ended 31 Dec 2013 RM'000 (Audited)
Revenue	B1	**114,223**	**79,562**	**353,915**	**281,812**
Cost of operations		(94,274)	(59,228)	(269,584)	(218,231)
Gross profit		**19,949**	**20,334**	**84,331**	**63,581**
Other operating income		9,700	7,762	303,771	27,601
Administrative and other expenses		(12,433)	(18,682)	(44,134)	(38,246)
Operating profit		**17,216**	**9,414**	**343,968**	**52,936**
Finance costs		(11,323)	(6,010)	(32,191)	(23,052)
Share of results of joint venture		(1,650)	3,904	3,778	10,008
Share of results of associate		292	(1,202)	1,090	(769)
Profit before tax	B4	**4,535**	**6,106**	**316,645**	**39,123**
Income tax expense	B5	(3,018)	(1,769)	(14,026)	(14,031)
Profit for the financial period/ year		**1,517**	**4,337**	**302,619**	**25,092**
Other comprehensive income/(loss):					
Net fair value gain/(loss) on available-for-sale financial assets		11	(24)	34	63
Foreign currency translation differences for foreign operations		9,744	2,108	7,894	17,027
Share of other comprehensive income of joint venture		-	102	-	162
Total other comprehensive income for the financial period/ year		**9,755**	**2,186**	**7,928**	**17,252**
Total comprehensive income for the financial period/year		**11,272**	**6,523**	**310,547**	**42,344**

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months Ended 31 Dec 2014 RM'000	3 Months Ended 31 Dec 2013 RM'000 (restated)	12 Months Ended 31 Dec 2014 RM'000	12 Months Ended 31 Dec 2013 RM'000 (Audited)
Profit for the financial period/year attributable to:					
Owners of the Company		4,209	7,774	301,030	28,009
Non-controlling interests		(2,692)	(3,437)	1,589	(2,917)
		1,517	**4,337**	**302,619**	**25,092**
Total comprehensive income for the financial period/year attributable to:					
Owners of the Company		13,410	9,966	308,781	44,123
Non-controlling interests		(2,138)	(3,443)	1,766	(1,779)
		11,272	**6,523**	**310,547**	**42,344**
Basic and diluted earnings per share attributable to owners of the Company (sen):	B9	0.96	1.78	68.97	6.42

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Share Option reserve	Currency Translation reserve	Available-for-sale reserve	Merger deficit	Retained earnings	Total	Non-controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 January 2014	**218,246**	**74,176**	**2,111**	**17,347**	**40**	**(71,500)**	**365,137**	**605,557**	**4,990**	**610,547**
Retained earnings – translation adjustment		**-**	**-**	**-**	**-**	**-**	(35)	(35)	(15)	(50)
Available-for-sale financial assets		-	-	-	(42)	-	-	(42)	76	34
Foreign currency translation differences		-	-	7,793	-	-	-	7,793	101	7,894
Total other comprehensive income/ (loss) for the financial year		**-**	**-**	7,793	(42)	-	-	7,751	177	7,928
Profit for the financial year		-	-	-	-	-	301,030	301,030	1,589	302,619
Total comprehensive income/(loss) for the financial year		**-**	**-**	7,793	(42)	-	301,030	308,781	1,766	310,547
Transaction with owners of the Company:										
Dividends paid – FY2013		**-**	**-**	-	-	-	(4,365)	(4,365)	-	(4,365)
Dividends paid – FY2014							(21,825)	(21,825)	-	(21,825)
Transfer from reserve upon ESOS options lapsed			(520)	-	-		520	-		
Changes in ownership interests in a subsidiary		**-**	**-**	-	-	-	(36,607)	(36,607)	36,607	-
Non-controlling interest arising in business combination		**-**	**-**	-	-	-	-	-	479,985	479,985
Total transaction with owners of the Company		**-**	(520)	-	-	-	(62,277)	(62,797)	516,592	453,795
As of 31 December 2014	**218,246**	**74,176**	**1,591**	**25,140**	**(2)**	**(71,500)**	**603,855**	**851,506**	**523,333**	**1,374,839**

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Note	Share capital RM'000	Share premium RM'000	Share Option reserve RM'000	Currency Translation reserve RM'000	Available-for-sale reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total Equity RM'000
		Attributable to owners of the Company									
As of 1 January 2013		**218,246**	**74,176**	**2,205**	**1,458**	**(23)**	**(71,500)**	**341,877**	**566,439**	**6,769**	**573,208**
Available-for-sale financial assets		-	-	-	-	63	-	-	63	-	63
Share of other comprehensive income of joint venture		-	-	-	-	-	-	162	162	-	162
Foreign currency translation differences		-	-	-	15,889	-	-	-	15,889	1,138	17,027
Total other comprehensive income for the financial year		-	-	-	15,889	63	-	162	16,114	1,138	17,252
Profit for the financial year		-	-	-	-	-	-	28,009	28,009	(2,917)	25,092
Total comprehensive income for the financial year		-	-	-	15,889	63	-	28,171	44,123	(1,779)	42,344
Transactions with Owners of the Company:											
Dividends paid		-	-	-	-	-	-	(4,911)	(4,911)	-	(4,911)
Transfer from reserve upon ESOS options lapsed		-	-	(94)	-	-	-	-	(94)	-	(94)
Total transactions with Owners of the Company				(94)				(4,911)	(5,005)	-	(5,005)
As of 31 December 2013		**218,246**	**74,176**	**2,111**	**17,347**	**40**	**(71,500)**	**365,137**	**605,557**	**4,990**	**610,547**

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

	12 Months Ended 31 Dec 2014 RM'000	12 Months Ended 31 Dec 2013 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	316,645	39,123
Adjustments for:		
Non-cash items	(229,335)	17,604
Interest income	(3,856)	(859)
Finance costs	32,191	23,052
Operating Profit Before Working Capital Changes	115,645	78,920
Net increase in inventories, amount due from contract customers, trade and other receivables and amount due from joint venture	(129,518)	(11,622)
Net increase in amount due to contract customers and trade and other payables	103,374	8,769
Cash Generated From Operations	89,501	76,067
Income tax paid	(21,462)	(18,984)
Income tax refunded	9,136	1,115
Net Cash From Operating Activities	**77,175**	**58,198**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,884	859
Property, plant and equipment: - proceeds from disposal	286	192
- purchase	(4,264)	(4,680)
Purchase of intangible assets	(35,561)	(5,879)
Investment in joint venture	(75,015)	-
Acquisition of subsidiary (net of cash acquired)	304,835	-
Available-for-sale financial assets: - purchase	(168,535)	(36,316)
- proceeds from redemption	173,623	32,466
Placement of deposits pledged as security	(12,305)	(3,672)
Decrease in cash restricted	-	3
(Increase)/Decrease in proceeds deposited in the designated bank accounts	(8,661)	1,608
Proceeds from redemption of preference shares from associate	-	400
Net Cash From/(Used) in Investing Activities	**178,287**	**(15,019)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(25,081)	(28,554)
Repayment of borrowings	(93,116)	(99,011)
Drawdown of borrowings	73,099	93,610
Repayment of finance lease payables	(332)	(219)
Dividends paid	(26,189)	(4,911)
Net Cash Used In Financing Activities	**(71,619)**	**(39,085)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	183,843	4,094
Effects of foreign exchange rate changes	(1,801)	(937)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL YEAR	15,045	11,888
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	**197,087**	**15,045**

CONDENSED STATEMENTS OF CASH FLOWS

	12 Months Ended 31 Dec 2014 RM'000	12 Months Ended 31 Dec 2013 RM'000 (Audited)
Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	193,065	30,732
Cash and bank balances	51,300	13,317
Total deposits, cash and bank balances	244,365	44,049
Less: Deposits pledged as security	(32,877)	(20,572)
Less: Proceeds deposited in the designated bank accounts	(12,180)	(3,519)
Less: Overdraft	(2,221)	(4,913)
	197,087	**15,045**

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying significant events and transactions attached to these interim financial statements.

PART A – SIGNIFICANT EVENTS AND TRANSACTIONS PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

A1 – Basis of Preparation

(a) The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board.

The interim financial statements should be read in conjunction with the latest audited financial statements of the Company and its subsidiaries **("Group")** for the financial year ended 31 December 2013. The significant events and transactions attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the latest audited financial statements, except for the following:-

(i) *adoption of new Malaysian Financial Reporting Standards (MFRSs) and Amendments to MFRSs and IC Interpretations ("IC Int") mandatory for annual financial periods beginning on or after 1 January 2014 relevant to the Group as follows:-*

MFRSs, Amendments to MFRSs and IC Interpretations

Amendments to MFRS 10, MFRS 12, and MFRS 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements - Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation-offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets-Recoverable Amount Disclosures for Non - Financial Assets
MFRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to Novation of Derivatives and Continuation of Hedge Accounting)
IC Interpretation 21	Levies

The application of the above MFRSs, Amendments to MFRSs and IC Interpretations did not result in any significant changes in the accounting policies and presentation of the financial statements of the Group.

As at the date of authorisation of these interim financial statements, the following new MFRSs, Amendments to MFRSs and IC Interpretations were in issue but not yet effective and have not early adopted by the Group:-

MFRSs and Amendments to MFRSs

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 10, MFRS 12, and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 10, and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116, and MFRS 138	Classification of Acceptable Methods of Depreciation and Amortisation
MFRS 119	Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)
MFRS 127	Equity Method in Separate Financial Statements

A1 – Basis of Preparation (continued)

Annual improvements to MFRSs 2010 - 2012 cycle (issued in February 2014)
Annual improvements to MFRSs 2011 - 2013 cycle (issued in February 2014)
Annual improvements to MFRSs 2012 - 2014 cycle (issued in November 2014)

The Group plans to apply the abovementioned MFRSs in the annual financial statements when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

(ii) *Adoption of significant accounting policies arising from acquisitions:-*

The establishment of control over a former joint venture arising from acquisition of a company

As announced to the stock exchange on 23 June 2014 and 8 August 2014, the Company undertook an internal re-organisation exercise **("Re-organisation")** in several stages to rationalise the structure of the Group so as to enhance the operational efficiency of the Group in undertaking any new project investments.

☞ http://www.bursamalaysia.com/market/listed-companies/company-announcements/1664673

☞ http://www.bursamalaysia.com/market/listed-companies/company-announcements/1706153

The Re-organisation involved some of the Company's subsidiaries and joint venture in the toll highway division which gave rise to a business combination. As a result, the Group applied MFRS3- Business Combinations when it established control over a former joint venture, Cerah Sama Sdn Bhd **("CSSB")**. Therefore:-

(a) where a business combination was achieved in stages, the Group's previously held interest in CSSB was re-measured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain of approximately RM272.7 million **("Gain on Restructuring")** was recognised in profit or loss. Amounts arising from interest in CSSB prior to the acquisition date that have previously been recognised in other comprehensive income were reclassified to profit or loss.

At the acquisition date, the acquisition of CSSB is accounted for using the acquisition method in accordance with MFRS3- Business Combinations and MFRS10- Consolidated Financial Statements, and the use of the equity method was discontinued;

(b) goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in CSSB, and the fair value of the Group's previously held equity interest in CSSB over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed;

(c) recognised the identifiable assets and liabilities of CSSB at their fair values at the acquisition date. The fair value of CSSB was estimated based on 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 Group is currently undertaking an exercise to determine the fair values to be assigned to CSSB's identifiable assets and liabilities pursuant to the requirements of MFRS3- Business Combinations. Upon finalisation of this exercise, the resulting goodwill on consolidation will be adjusted accordingly.

A1 – Basis of Preparation (continued)

Arising from the Re-organisation, the Group has adopted the following significant accounting policies:-

(i) Intangible Assets – Highway Concession

Intangible assets comprising highway concession is stated at cost less accumulated amortisation and impairment losses.

Highway concession cost includes expenditure that is directly incurred on the design, construction and upgrading of the Cheras-Kajang Highway. Subsequent costs are included in the assets carrying amount, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. All other repair and maintenance are charged to the income statement during the financial period/year in which they are incurred.

The computation for the amortisation of highway concession for each financial period/year is based on the following formula:-.

$$\frac{\text{Cumulative toll revenue up to-date}}{\text{Projected toll revenue till end of concession}} \times \text{Cost, less: Accumulated amortisation brought forward}$$

(ii) Deferred Income

Deferred income comprise of the following:

(a) fees received 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

(b) Government compensation received 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 statement 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.

(iii) Revenue Recognition

Toll revenue is accounted for as and when toll is chargeable for the usage of the Highway.

(b) The Intangible Assets of the Group comprise of concession rights, highway concession and the intangible asset model, as defined in IC Interpretation 12– Service Concession Arrangements **("IC 12")**.

(c) The Available-For-Sale financial assets of the Group comprise of investment in quoted unit trusts in Money Market Securities instruments that are not held for trading.

A1 – Basis of Preparation (continued)

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

Foreign currency	31 Dec 2014 RM	30 Sept 2014 RM	31 Dec 2013 RM
1 US Dollar (USD)	3.50	3.28	3.28
1 Singapore Dollar (SGD)	2.65	2.86	2.59
100 Hong Kong Dollars (HKD)	45.08	42.25	42.24
100 Chinese Renminbi (RMB)	56.34	53.43	54.11

(e) Critical Accounting Judgment and Key Sources of Estimation Uncertainty

The preparation of these interim financial statements requires the Board to make critical judgments, estimates and assumptions that may affect the application of accounting policies and the amounts recognised in these financial statements.

In these interim financial statements, critical estimates and judgments were made on the following:-

(i) to the classification and carrying amount of trade receivables of Sungai Harmoni Sdn Bhd **("SHSB")** as follows:-

As at the end of the financial year, the invoiced amounts due and owing by Syarikat Pengeluar Air Sungai Selangor Sdn Bhd **("SPLASH")** amounted to RM337.605 million. Based on current repayment pattern, the Group expects a collection of approximately RM88.8 million in the next twelve months which will reduce the amount outstanding. The remaining balance is assumed to be paid progressively between 2016 and 2019.

Arising from the above estimation, a net impact of RM10.06 million was made in the current quarter, comprising an additional provision for discounting on a deferred payment consideration of RM12.36 million which was set-off against revenue and a reversal of discounting of receivables amounting to RM2.30 million recognised as Other Income.

(ii) the key bases and assumptions used in estimating the recoverable amounts of Intangible Assets and Goodwill on consolidation, which are based on value in use calculations, in particular the Group's investments in its subsidiaries involved in the waste management business in China and the highway concession.

(iii) A subsidiary, Taliworks (Yinchuan) Wastewater Treatment Co Ltd, **("Taliworks Yinchuan")** which adopts the intangible asset model as defined in IC 12, has recognised a construction margin of 10% in the construction of its wastewater treatment plant facility. Income and expenses associated with the said construction are recognised based on percentage of completion method. The estimated margin is based on relative comparison with general industry trend although actual margins may differ due to location, materials and other pricing considerations.

(iv) The amortisation of the highway concession expenditure which is based on the initial base case traffic volume projections. The assumptions to arrive at the traffic volume projections take into consideration the growth rates based on current market and economic conditions.

(v) Heavy repairs are provided based on annual independent pavement assessment condition that estimates the future requirements for pavement resurfacing, and the Group's estimates of incidental costs, discounted to present value and is subject to changes to the expected level of usage and technological developments impacting future requirements for heavy repairs.

A1 – Basis of Preparation (continued)

The above critical accounting judgment and estimate will be re-assessed on a periodic basis as they may have a significant impact to future amounts recognised in the financial statements.

A2 – Auditors' Reports

The auditors' report on the financial statements of the Group and the Company for the most recent audited financial statements were not subject to any qualification.

However, an emphasis of matter had been included by the auditors to draw attention on the uncertainty over the collectability of amounts owing by a customer and the key bases and assumptions used by the Directors in estimating the recoverable amounts of the Intangible Assets.

A3 – Comments about the Seasonal or Cyclicality of Interim Operations

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

A4 – Unusual Nature and Amount of Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There are no items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter and financial year, except for the financial impact arising from:-

(a) the Re-organisation elaborated in Note A1(a)(ii) above;

(b) the disposal by the Group of an indirect interest in CSSB as elaborated in Note A9(b) below; and

(c) the take-over of North Klang Straits Bypass Expressway **("NNKSB")** by a joint-venture company, Jejak Melewar Sdn Bhd **("JMSB")**, from Lebuhraya Shapadu Sdn Bhd (In Liquidation) **("Shapadu")**.

As announced to the stock exchange on 22 December 2014, JMSB had completed the take-over of the assets and concession rights to the NNKSB from Shapadu for a total purchase consideration of RM265 million. The purchase consideration was financed by JMSB via bank borrowings of RM200 million and proceeds from the issuance of irredeemable cumulative preference shares **("ICPS")** whereby JMSB issued to the Company and the latter's subsidiary, Pinggiran Muhibbah Sdn Bhd, 48 million ICPS of RM1.00 each and 28.3 million of ICPS RM1.00 each respectively for a total cash consideration of RM76.3 million. The balance of the proceeds of RM11.3 million from issuance of ICPS was retained by JMSB as working capital.

☞ http://www.bursamalaysia.com/market/listed-companies/company-announcements/1833961

A5 – Accounting Estimates

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

A6 – Issuance, Cancellation, Repurchases, Resale and Repayments of Debt and Equity Securities

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

As at the end of the financial year, the Company has outstanding 21,000 ESOS options at RM1.31 per share and 3,483,000 ESOS options at RM1.90 per share respectively. The ESOS options, if not exercised, will expire on 29 September 2015.

A7 – Dividends Paid

(a) Shareholders of the Company had, in the Annual General Meeting held on 18 June 2014, approved the payment of a final single-tier dividend of 1.0 sen per share on 436,491,580 ordinary shares of RM0.50 each, amounting to approximately RM4,364,916 in respect of the financial year ended 31 December 2013. The dividends were paid on 25 June 2014.

(b) On 25 September 2014, the Board had declared a first interim single-tier dividend of 5.0 sen per share on 436,491,580 ordinary shares of RM0.50 each, amounting to approximately RM21,824,579 in respect of the financial year ending 31 December 2014. The dividends were paid on 12 November 2014.

On 25 September 2014, the Company announced a dividend policy whereby the Board approved a dividend payout ratio of not less than 75% of the Group's consolidated profit after tax (excluding exceptional items) for the financial year ending 31 December 2015 onwards subject to the several considerations as listed in the said policy.

☞ http://www.bursamalaysia.com/market/listed-companies/company-announcements/1749309

A8 – Material Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in the interim financial statements except for the proposed placement of such number of new shares representing up to 10% of the existing issued and paid-up share capital of the Company as announced on 19 January 2015.

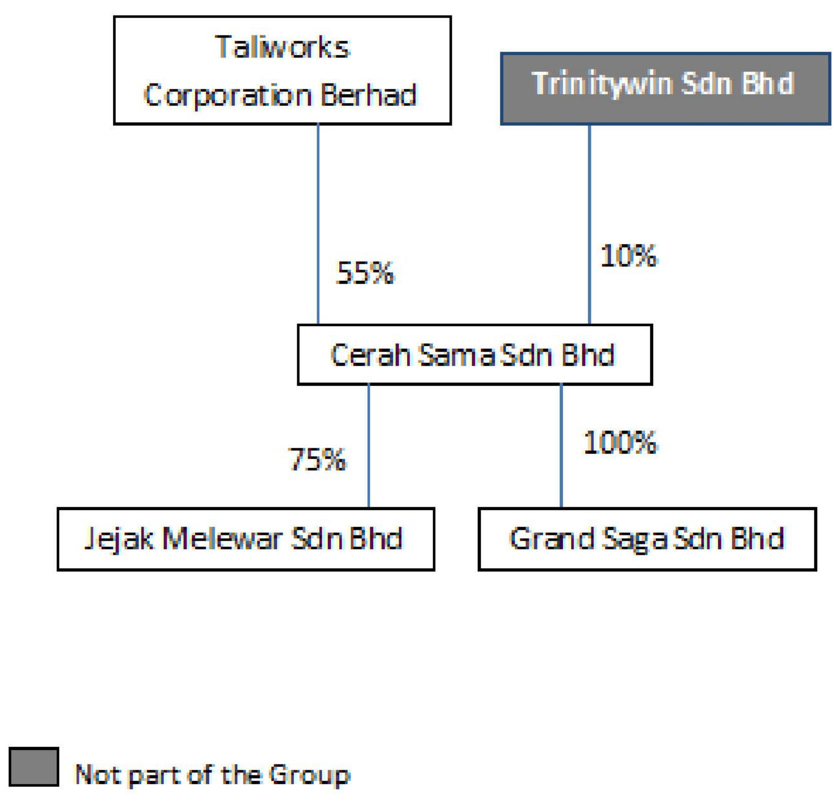
☞ http://www.bursamalaysia.com/market/listed-companies/company-announcements/1855841

A9 – Changes in Composition of the Group

There were no changes to the composition of the Group during the current quarter and financial year including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations, except for the changes in the structure of the Group arising from the following:-

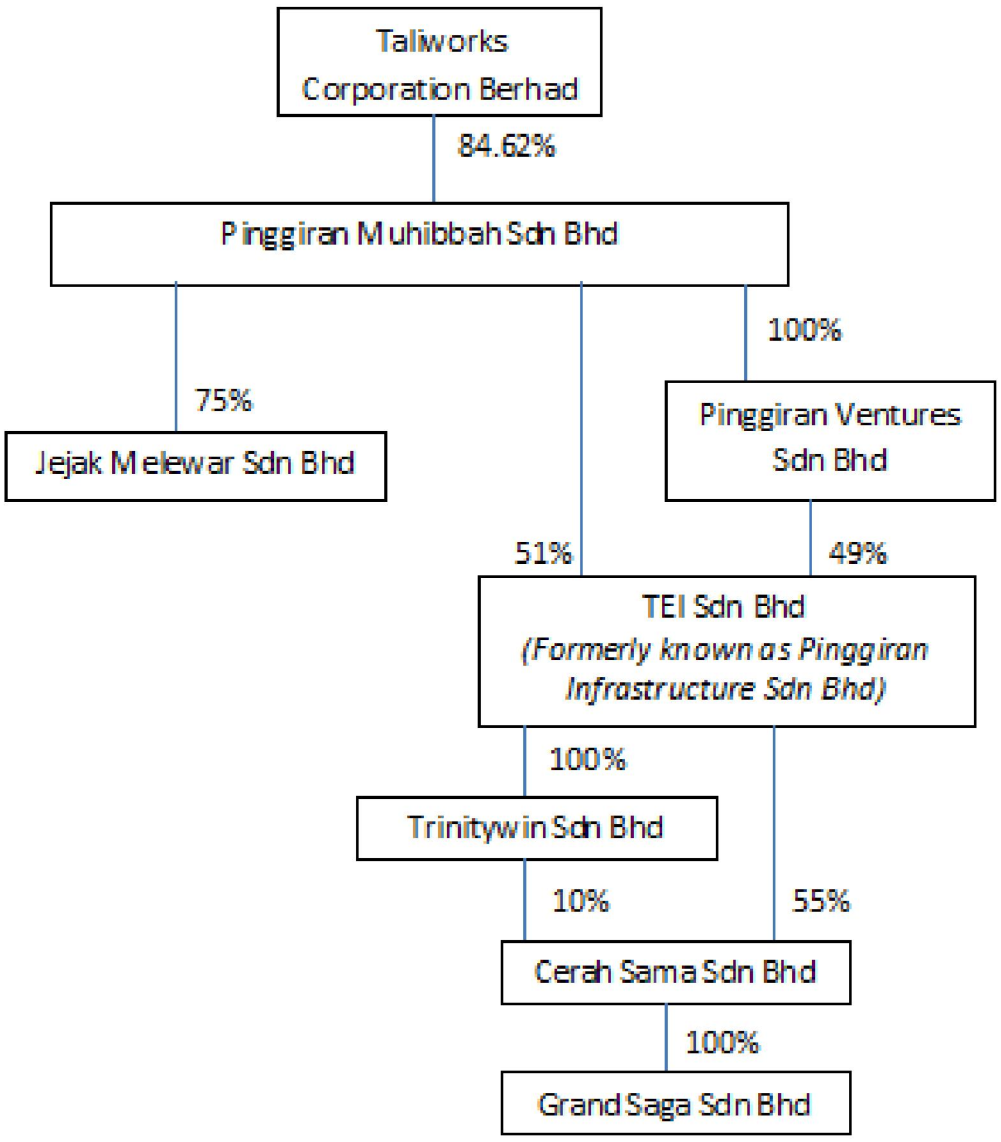
(a) the Re-organisation carried out by the Group which resulted in the changes to the composition of the Group as follows:-

Before the Re-organisation



A9 – Changes in Composition of the Group (continued)

After the Re-organisation



(b) On 5 September 2014, Pinggiran Muhibbah Sdn Bhd completed the disposal of 100% equity interest in Pinggiran Ventures Sdn Bhd to the Employees Provident Fund Board for a cash consideration of RM68.683 million as announced to the stock exchange on 11 August 2014. The disposal reduced the Group's effective shareholding in CSSB from 55% to 28.05%. Arising from the disposal, Pinggiran Ventures Sdn Bhd ceased to be a subsidiary.

☞ http://www.bursamalaysia.com/market/listed-companies/company-announcements/1706389

(c) On 30 December 2014, the Company announced that it had submitted to the Companies Commission of Malaysia, an application to strike-off strike off three (3) of its wholly-owned subsidiaries which have not commenced operations since their incorporation, namely Jemari Infiniti Sdn Bhd, Destinasi Teguh Sdn Bhd and Prolific Equity Sdn Bhd under Section 308 of the Companies Act, 1965.

A10 – Changes in Contingent Liabilities or Contingent Assets

There were no material changes to the status of litigations requiring re-assessment of present obligations in relation to these litigations since the last audited date of the statement of financial position.

A11-Operating Segments

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

3 months ended 31Dec	Water treatment, supply and distribution		Waste management		Construction		Toll operations		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue												
Total revenue	53,739	45,944	14,985	11,554	45,219*	26,133	14,616	-	4,661^	1,081	133,220	84,712
Inter-segment revenue	-	-	(157)	(144)	(1,971)	(635)	-	-	(4,509)	(642)	(6,637)	(1,421)
External revenue	53,739	45,944	14,828	11,410	43,248	25,498	14,616	-	152	439	126,583	83,291
Reconciliation:												
Difference in accounting policy (see note below)	(12,360)	(3,729)	-	-	-	-	-	-	-	-	(12,360)	(3,729)
Revenue as per statement of comprehensive income	41,379	42,215	14,828	11,410	43,248	25,498	14,616	-	152	439	**114,223**	**79,562**

* *Including RM33.30 million (Q4FY13: RM 0.16 million (reversal of revenue recognised)) construction revenue recognised pursuant to IC 12 from the construction of a public service infrastructure.*

^ *Including dividend income of RM 3.38 million (Q4FY13: RM Nil) received from a subsidiary and an associate.*

Note: Segment policy is to show the effect of discounting of revenue by reducing revenue recognised instead of within operating expenses.

A11-Operating Segments (continued)

3 months ended 31 Dec	Water treatment, supply and distribution		Waste management		Construction		Toll operations		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Earnings before finance costs, depreciation and amortisation and income tax expense	10,468	16,601	1,530	(4,454)	2,993	4,253	6,303	3,904	11,821	768	33,115	21,072
Depreciation and amortisation	(178)	(114)	(4,710)	(4,372)	(130)	(80)	(4,944)	-	(727)	(243)	(10,689)	(4,809)
	10,290	16,487	(3,180)	(8,826)	2,863	4,173	1,359	3,904	11,094	525	22,426	16,263
Finance costs			(6,162)	(5,863)	(9)	(7)	(5,295)	-	(184)	(617)	(11,650)	(6,487)
Inter-segment results	756	510	6,197	(435)	761	-	150	-	(14,397)	(2,543)	(6,533)	(2,468)
Segment results	11,046	16,997	(3,145)	(15,124)	3,615	4,166	(3,786)	3,904	(3,487)	(2,635)	4,243	7,308
Share of results of associate											292	(1,202)
Profit before tax											4,535	6,106
Income tax expense											(3,018)	(1,769)
Profit for the financial period as per statement of comprehensive income											1,517	4,337

A11-Operating Segments (continued)

As at 31 Dec	Water treatment, supply and distribution		Waste management		Construction		Toll operations		Others		Total	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Segment assets	404,920	360,030	560,276	497,174	39,265	34,836	1,686,669	122,245	105,938	36,616	2,797,068	1,050,901
Segment liabilities	(67,235)	(47,616)	(351,702)	(315,725)	(28,998)	(25,243)	(895,290)	-	(79,004)	(51,770)	(1,422,229)	(440,354)
Net segment assets/(liabilities)	**337,685**	**312,414**	**208,574**	**181,449**	**10,267**	**9,593**	**791,379**	**122,245**	**26,934**	**(15,154)**	**1,374,839**	**610,547**

A11-Operating Segments (continued)

The Group earns revenues from external customers in two main geographical areas:

(i) Malaysia*- Water, construction and provision of technical services relating to waste management.

(ii) China -Waste management, construction revenue recognised pursuant to IC 12 from the construction of a public service infrastructure and water treatment equipment and provision of related services.

* The Company's home country.

The following is an analysis of the Group's revenue and total assets by geographical areas:

3 months ended 31 Dec	Revenue		Total assets	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	66,100^	68,152^	2,232,614	553,151
China / Hong Kong SAR	48,123*	11,410	564,260	497,519
Singapore	-	-	194	231
	114,223	**79,562**	**2,797,068**	**1,050,901**

^ *including provision for discounting on the deferred payment consideration of RM12.36 million (Q4FY13: RM3.73 million)*

* *including RM33.30 million (Q4FY13: RM 0.16 (reversal of revenue recognised)) construction revenue recognised pursuant to IC 12 from the construction of a public service infrastructure.*

PART B – SIGNIFICANT EVENTS AND TRANSACTIONS PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 – Analysis of Performance

Part A

(a) Revenue

	3 Months Ended 31 Dec 2014 RM'000	3 Months Ended 31 Dec 2013 RM'000 (restated)	12 Months Ended 31 Dec 2014 RM'000	12 Months Ended 31 Dec 2013 RM'000 (Audited)
Water treatment, supply and distribution	53,739	45,944	218,392	172,757
Construction	43,248	25,498	99,306	83,989
Waste management	14,828	11,410	55,017	47,142
Toll operations	14,616	-	23,150	-
Others	152	439	627	788
	126,583	83,291	396,492	304,676
Less: Provision for discounting on a deferred payment consideration	(12,360)	(3,729)	(42,577)	(22,864)
	114,223	**79,562**	**353,915**	**281,812**

(b) Profit Before Tax

	3 Months Ended 31 Dec 2014 RM'000	3 Months Ended 31 Dec 2013 RM'000 (restated)	12 Months Ended 31 Dec 2014 RM'000	12 Months Ended 31 Dec 2013 RM'000 (Audited)
Water treatment, supply and distribution	11,046	16,997	63,866	59,875
Construction	3,624	4,173	5,531	4,191
Waste management	2,874	(9,565)	11,513	(899)
Toll operations	3,159	-	6,132	-
Investment holding and others	(3,487)	(2,191)	256,926	(10,231)
Operating profit	**17,216**	**9,414**	**343,968**	**52,936**
Finance cost	(11,323)	(6,010)	(32,191)	(23,052)
Share of profit of joint venture	(1,650)	3,904	3,778	10,008
Share of results of associates	292	(1,202)	1,090	(769)
Profit before tax	**4,535**	**6,106**	**316,645**	**39,123**

B1 – Analysis of Performance (continued)

Part B

(a) Revenue

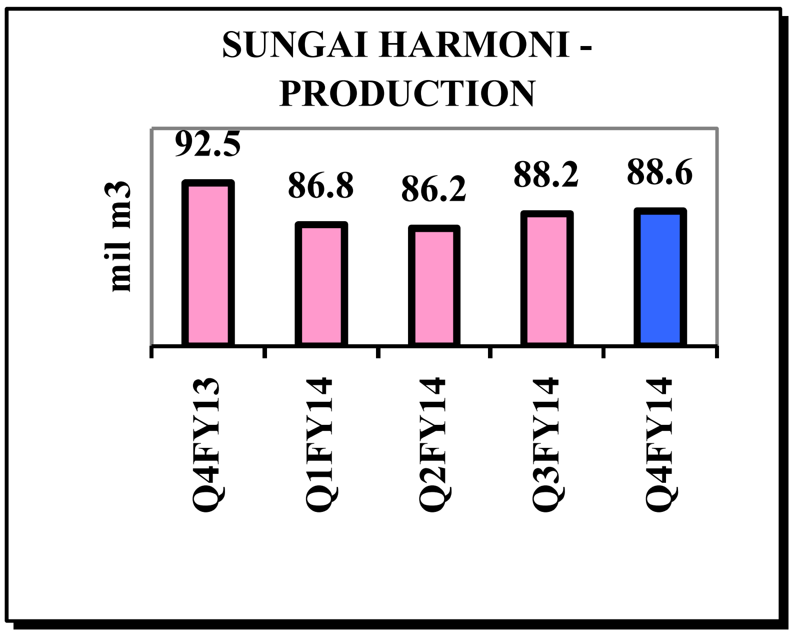
	3 Months Ended 31 Dec 2014 RM'000	3 Months Ended 30 Sept 2014 RM'000
Water treatment, supply and distribution	53,739	55,323
Construction	43,248	15,151
Waste management	14,828	13,651
Toll operations	14,616	8,534
Others	152	173
	126,583	92,832
Less: Provision for discounting on a deferred payment consideration	(12,360)	(10,543)
	114,223	**82,289**

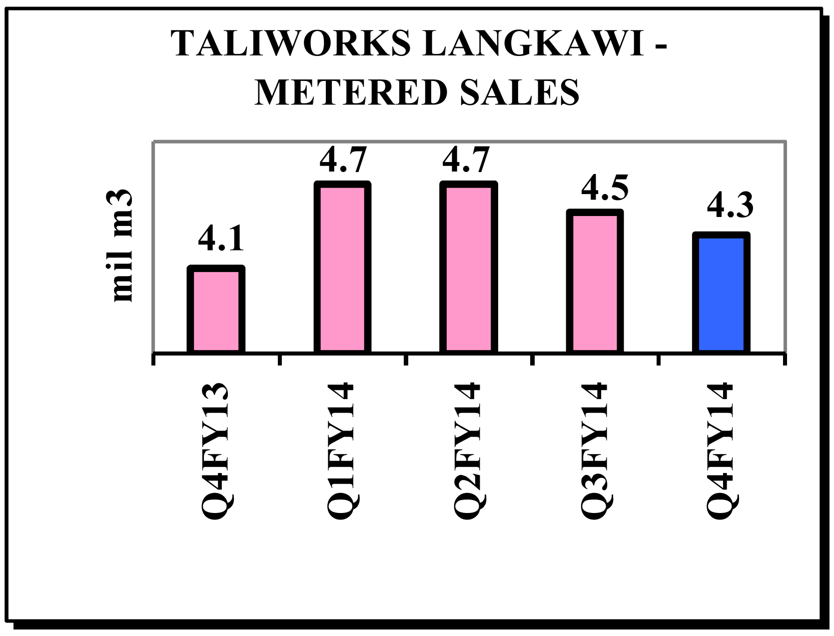
(b) Profit Before Tax

	3 Months Ended 31 Dec 2014 RM'000	3 Months Ended 30 Sept 2014 RM'000
Water treatment, supply and distribution	11,046	14,328
Construction	3,624	430
Waste management	2,874	4,203
Toll operations	3,159	2,972
Investment holding and others	(3,487)	268,742
Operating profit	**17,216**	**290,675**
Finance cost	(11,323)	(9,609)
Share of profit of joint venture	(1,650)	772
Share of results of associates	292	75
Profit before tax	**4,535**	**281,913**

B1 – Analysis of Performance (continued)

The following are the production statistics of Sungai Harmoni Sdn Bhd ("SHSB") and metered sales of Taliworks (Langkawi) Sdn Bhd ("TLSB"):





(a) Current Quarter vs. Preceding Year's Corresponding Quarter - Revenue

Overall Summary

The Group revenue increased from RM83.3 million to RM126.6 million mainly attributable to the higher contribution from all business segments and the recognition of revenue from the toll operations in the current financial reporting period as a result of the Group gaining control over CSSB. However, after taking into account the impact from the provision for discounting, the Group revenue reduced to RM114.2 million. Nevertheless, it is still higher than RM79.6 million achieved a year ago.

Water treatment, supply and distribution

At the operating level, the business segment registered an increase in revenue from RM45.9 million to RM53.7 million attributable to the increase in the Bulk Sales Rate ("BSR Increase") coupled with higher electricity rebates arising from increases in electricity rates. In terms of production and metered sales, Sungai Selangor Water Treatment Works Phase I **("SSP1")** registered a decrease in production by 4.2% (i.e. from 92.48 million m^3 (or 1,005 million litres per day **("MLD")**) to 88.62 million m^3 (or 963 MLD)) whilst Langkawi operations recorded an increase in metered sales by 6.0% i.e. from 4.10 MLD to 4.34 MLD.

Construction

Included in revenue is approximately RM33.3 million construction revenue recognised pursuant to IC 12 from the expansion and upgrading works in Wastewater Treatment Plant No. 3 in Taliworks Yinchuan. Excluding this sum, revenue contribution actually declined sharply to RM10.0 million from RM25.5 million mainly on account of the lower percentage of completion recognised in the on-going Mengkuang Dam Expansion Project. Nevertheless, the dip in revenue was mitigated by revenue from Pengagihan Semula Kapasiti Reka Bentuk Air Terawat dari Loji Rawatan Air Sungai Selangor Fasa 3 – Sebagai Projek Mitigasi Kekurangan Bekalan Air di Selangor, Wilayah Persekutuan Kuala Lumpur dan Putrajaya (Pakej 3: Kerja-kerja Membekal dan Memasang Paip Keluli Bergarispusat 1200 mm dan Kerja-kerja Berkaitan dari Bukit Jelutong, Shah Alam ke Bukit Raja, Klang, Selangor) **("SSP3 Project")** that was secured in the previous quarter.

B1 – Analysis of Performance (continued)

Waste management

Revenue was boosted from the tariff revisions **("Tariff Revision")** in both the operations in Yinchuan and Tianjin. In addition, the increase was also contributed from the Guanghan San Xin Dui wastewater treatment plant, which had temporarily ceased operation in early July 2013 to January 2014 following damages to the incoming wastewater pipeline caused by torrential floods.

Toll highway

Arising from the Group gaining control over CSSB in the second half of the year, the Group consolidated the results of the toll highway division. The division contributed close to RM14.6 million to group revenue in the current quarter. The Cheras-Kajang highway recorded a lower Average Daily Traffic **("ADT")** of 3.7% i.e. 131,007 vehicles per day compared to 136,046 vehicles per day achieved in the corresponding period as a result of the on-going Klang Valley Mass Rapid Transit project **("MRT Project")** that substantially cover the entire stretch of the highway. Revenue from the division is recorded both from toll revenue as well as government compensation.

(b) Current Quarter vs. Preceding Year's Corresponding Quarter - Profit

Overall Summary

The Group's profit before taxation **("PBT")** recorded a drop to RM4.5 million in the current quarter compared to RM6.1 million achieved a year ago, primarily attributable to higher financing cost (arising from consolidation of CSSB as a subsidiary) and incidental expenses incurred in the take-over of the North Klang Straits Bypass Expressway ("NNKSB").

Water treatment, supply and distribution

Profit declined by RM5.9 million from the corresponding quarter. Nevertheless, after stripping out the effects of the discounting, profit contribution was actually higher by RM4.0 million, i.e. RM21.0 million compared to RM16.9 million a year ago on account of the BSR Increase. However, profitability was impacted by higher operating costs especially unit electricity costs due to the revision in electricity tariff effective from 1 January 2014 **("Electricity Tariff Increase")**, as well as higher maintenance and rehabilitation expenses incurred in the SSPI operations.

Construction

Although revenue has increased, profit contribution declined due to the lower contribution from the on-going projects. Nevertheless, the profit contribution was boosted by the construction profits recognised pursuant to IC 12.

Waste management

The segment recorded an operating profit of RM2.9 million as compared to an operating loss of RM9.6 million in the corresponding quarter. This was primarily due to the impairment of intangible asset in the Linhe Project of approximately RMB19.652 million (equivalent to RM10.144 million) which contributed to a significant loss in the corresponding quarter.

Toll highway

The profit contribution was lower in the current quarter on account of the Cheras-Kajang highway registering a lower ADT coupled with incurrence of specific pavement repair works which significantly increased the maintenance costs.

B1 – Analysis of Performance (continued)

Share of Results of Associate

The Group's share of results of associate was higher in the current quarter due to loss incurred on the disposal of the latter's investment in its associate company, in the corresponding quarter.

(c) Current Year-to-date vs. Preceding Year-to-date - Revenue

Overall Summary

For the current financial year, the Group revenue increased from RM304.7 million to RM396.4 million mainly attributable to the water treatment, supply and distribution business, the recognition of revenue from the toll operations and construction revenue recognised pursuant to IC 12. However, after taking into account the impact from the provision for discounting, the Group registered a lower revenue of RM353.9 million as compared to RM281.8 million achieved a year ago.

Water treatment, supply and distribution

At the operating level, the water treatment, supply and distribution business registered an increase in revenue from RM172.8 million to RM218.4 million attributable to the BSR Increase and increase in production and metered sales in both SSPI and Langkawi operations, i.e. from 338.2 million m^3 (or 934 MLD to 349.8 million m^3 (or 958 MLD) for SSP1 whereas Langkawi operations recorded a 5.0% increase from 17.45 MLD to 18.32 MLD.

Construction

Revenue in the construction business recorded an improvement from RM84.0 million to RM99.3 million. However, a significant portion of it was construction revenue recognised pursuant to IC 12.

Waste management

As for the waste management segment, higher revenue was mostly attributable to the effects of the Tariff Revision. Production from the Yinchuan wastewater plants was almost at similar levels with the year before at 328 MLD (Q4FY13: 332 MLD).

Toll highway

In the toll operations, CSSB contributed approximately RM23.2 million to the group revenue. The Cheras-Kajang highway recorded a lower ADT by 4.9% i.e. 131,152 vehicles per day compared to 137,936 vehicles per day achieved in the corresponding period as a result of the ongoing MRT Project mentioned above.

(d) Current Year-to-date vs. Preceding Year-to-date - Profit

Overall Summary

For the current financial year, the Gain on Restructuring resulted in the Group's PBT to jump significantly to RM316.6 million compared to RM39.1 million achieved a year ago.

Water treatment, supply and distribution

An increase of profit of RM4.0 million was recorded compared to the corresponding year. Nevertheless, after stripping out the effects of the discounting, the quantum of increase in profit was actually much higher by RM22.4 million, at RM90.2 million compared to RM67.9 million a year ago on account of increased revenues. However, profitability was impacted by higher operating costs especially unit electricity costs due to the Electricity Tariff Increase as well as higher maintenance and rehabilitation expenses incurred in the SSPI operations.

B1 – Analysis of Performance (continued)

Construction

In line with the increased in revenue, profit has also increased.

Waste management

The segment recorded an operating profit of RM11.5 million as compared to an operating loss of RM0.9 million in the corresponding year primarily due to the impairment of intangible asset in the Linhe Project. Nevertheless, the division also benefitted from the Tariff Revision.

Toll highway

The profit contribution from toll business was lower on account of lower ADT coupled with higher repair and maintenance costs, and incidental costs arising from the take-over of the NNKSB. The division contributed RM11.6 million of operating profit as a subsidiary with the corresponding drop in share of results from joint venture. The finance costs of the Group have increased due to consolidation of the toll division's results.

Share of Results of Associate

The Group's share of results of associate was higher due to loss on disposal of the latter's investment in its associate company, in the corresponding period.

(e) Comparison with Preceding Quarter's Results - Revenue

Overall Summary

Compared to the previous quarter, the Group revenue was higher by RM33.8 million i.e. from RM92.8 million to RM126.6 million (before taking into account the impact from provision for discounting) primarily from construction revenue recognised pursuant to IC 12.

Water treatment, supply and distribution

Revenue recorded a marginal decline from RM55.3 million to RM53.7 million on account of the drop in metered sales in the Langkawi operations by 2.5% from 4.45 MLD to 4.34 MLD whereas the production of treated water in SSP1 operations did not differ significantly from the previous quarter i.e. 88.6 million m3 (or 963 MLD) (Q3FY14: 88.2 million m3 (or 958 MLD)).

Construction

Despite contribution from the new SSP3 Project, the construction segment still reported lower revenue of RM10.0 million as compared to RM15.1 million in the previous quarter on account of lower percentage of completion recognised from the on-going Mengkuang Dam Expansion Project in the current quarter. However, the overall construction revenue went up on account of construction revenue recognised pursuant to IC 12.

Waste management

At the operating level, both Yinchuan and Tianjin operations recorded lower levels of production compared to the previous quarter. Nevertheless, revenue came in higher due to the strengthening of RMB/MYR and higher production from the Guanghan operations.

Toll highway

The higher revenue attributable to the Group was due to longer number of days the Group gained control over CSSB. ADT achieved was 131,007 vehicles/day compared to 128,709 vehicles/day in the previous quarter, an improvement of 1.8%.

B1 – Analysis of Performance (continued)

(f) Comparison with Preceding Quarter's Results - Profit

Overall Summary

Compared to the previous quarter, the Group's PBT was significantly lower primarily due to the Gain on Restructuring recognised in the previous quarter.

Water treatment, supply and distribution

After stripping the effects from the discounting, the profit contribution was lower by RM1.0 million compared to previous quarters. Whilst the increase in production from SSP1 operations was marginal, metered sale from the Langkawi operations was down by 2.5%.

Construction

In line with the increased in revenue, profit has also increased.

Waste management

Despite the marginal increase in revenue, profit was lower attributable to additional impairment of from the Linhe Project and discounting on amount owing by a customer due to delayed in payment in the Guanghan operations.

Toll highway

Although revenue was higher, operating profit was impacted by incurrence of specific pavement repair works which significantly increased the maintenance costs. Arising from the consolidation of the financial results of the toll highway division, finance costs of the Group have also increased due to the higher exposure by the Group to external borrowings.

B2 – Current Year Prospects

The operating profit of the Group is largely driven by the performance of the water treatment, supply and distribution business as this segment contributes the bulk of the revenue and profits. The Group expects that SSP1, which is the main contributor to the Group, will continue to run its production above its design capacity of 950 MLD due to continuous increase in demand for treated water in the Klang Valley.

However, the current uncertainties in the outcome of the position of SPLASH in the restructuring of the Selangor water sector may weigh down on the Group's performance given the fair value adjustments are required on deferred consideration from continued delays in receiving payments if the matter is not resolved.

In the construction segment, the on-going Mengkuang Dam Expansion Project in Pulau Pinang is expected to continue to contribute positively to the Group given that the project has advanced into its third year of construction. During the year, the Group commenced work on the SSP3 Project to be completed within a year. Although there are only two on-going projects, the Group is actively tendering for infrastructure projects to boost its order book.

In the waste management division, the Group is expected to progressively undertake the expansion and upgrading of the four wastewater treatment plants under the Yinchuan TOT Project in the next two years. Our first undertaking is to upgrade and expand one of the water treatment plants for an estimated amount of RMB130 million (RM73.242 million) before proceeding to the following phases. The upgrade and expansion of the Wastewater Treatment Plant No. 3 has commenced in the first half of the year and is anticipated to take a year to complete. The upgrade and expansion of the Wastewater Treatment Plant No. 4 is currently in the planning stage and is expected to commence in the second half of 2015.

B2 – Current Year Prospects (continued)

In the toll highway division, the recent successful taking over the North Klang Straits Bypass Expressway is in line with the Group's strategy to further develop and leverage the Group's infrastructure business by acquiring mature operating assets with stable cash flow in Malaysia and the developed markets. The take-over of the concession will generate a valuable new revenue stream, providing a recurring source of income to the Group.

In the short to medium term, the Group is optimistic on the prospects of new infrastructure businesses, in particular mature operating infrastructure assets, which the Group has identified to be a new growth area. The recent establishment of a special purpose vehicle, TEI Sdn Bhd *(formerly known as Pinggiran Infrastructure Sdn Bhd*), strengthens the Group's position to pursue this business opportunity both locally and abroad, given that the core expertise of the Group lies in the management and operations of concession-based assets/businesses.

The recent proposed placement of new shares is intended to raise proceeds to enable the Group to pursue future investments with a view to strengthen and grow its businesses in the coming year.

B3 – Profit Forecasts or Profit Guarantees

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

B4 – Profit before tax

Included in the profit before tax are the following items:

	Current Quarter 3 Months Ended 31 Dec 2014 RM'000	Year-to-date 12 Months Ended 31 Dec 2014 RM'000
Revenue		
Provision for discounting on receivables *(Note A1(e)(i))*	(12,360)	(42,577)
Other operating income:		
Interest income on fixed deposits with licensed banks	1,889	3,856
Interest income imputed on retention sum	149	295
Dividend from available-for-sale financial assets	1,480	2,231
Rental income	75	131
Unwinding of discount on receivables	132	527
Reversal of discounting of receivables	2,413	15,823
Unrealised foreign exchange gain	1,358	1,404
Realised gain on available-for-sale financial assets	368	444
Waiver of value-added tax	1,438	5,402
Gain on restructuring *(Note A1(a)(ii))*	-	272,697
Cost of operations, administrative and other expenses:		
Depreciation and amortisation	(10,689)	(29,296)
Impairment loss on concession right	(1,982)	(1,982)
Impairment loss on other receivables	(15)	(15)
Unrealised foreign exchange losses	138	(1,137)

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

B5 – Taxation

	Current Quarter 3 Months Ended 31 Dec 2014	Year-to-date 12 Months Ended 31 Dec 2014
	RM'000	RM'000
Malaysian income tax:-		
- Current year tax	5,336	23,248
- Priors year tax	-	48
Deferred tax expense	(2,318)	(9,270)
	3,018	**14,026**

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

B6 – Status of Corporate Proposals Announced But Not Completed

There were no corporate proposals announced but not completed as at end of the reporting year.

B7 – Group Borrowings and Debt Securities

Included in the borrowings of the Group are:-

	←---------Short Term--------------→			←------------Long Term--------------→		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Finance lease liabilities	336	-	336	733		733
Bank overdraft	-	2,221	2,221	-	-	-
Government loan	-	3,380	3,380	-	-	-
Term loans (a)	15,819	-	15,819	303,754	-	303,754
IMTNs	-	-	-	414,651	-	414,651
	16,155	5,601	21,756	719,138	-	719,138

(a) Primary comprise of a term loan of RMB526.5 million secured by a subsidiary, Taliworks Yinchuan to finance the acquisition of the Yinchuan TOT Project.

The currency profile of borrowings is as follows:

	←---------Short Term--------------→			←------------Long Term--------------→		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Chinese Renminbi	15,819	3,380	19,199	303,754	-	303,754
Ringgit Malaysia	336	2,221	2,557	415,384	-	415,384
	16,155	5,601	21,756	719,138	-	719,138

B8 – Changes in Material Litigations

As at 6 February 2015 (being a date not earlier than 7 days from the date of this Report), the Group is not aware of any significant changes in the material litigations since the date of the last annual statement of financial position date except that the Company had announced on 5 November 2014 of a litigation involving one of its subsidiaries. However, the Group does not expect any material financial impact arising from the said litigation.

B9 – Earnings Per Share ("EPS")

(a) Basic earnings per share

Basic earnings per share is calculated 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.

	Current Quarter		Year-to-date	
	3 Months Ended 31 Dec 2014	3 Months Ended 31 Dec 2013	12 Months Ended 31 Dec 2014	12 Months Ended 31 Dec 2013
Net profit attributable to owners of the Company (RM'000)	4,209	7,774	301,030	28,009
Weighted average number of shares in issue ('000)	436,492	436,492	436,492	436,492
Basic EPS (sen)	0.96	1.78	68.97	6.42

(b) Diluted earnings per share

Diluted earnings per share is calculated 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 adjusted for potential dilutive ordinary shares from the exercise of ESOS options.

The diluted earnings per share is the same as basic earnings per share calculated above as the ESOS options are anti-dilutive.

B10 – Dividends

The Board is proposing to recommend the final dividend when they approve the audited financial statements and as such the proposed final dividend will be announced at a later date.

B11 –Supplementary Information Disclosed Pursuant to the Listing Requirements of Bursa Securities

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as of the end of the reporting year, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the prescribed format of disclosure.

B11 –Supplementary Information Disclosed Pursuant to the Listing Requirements of Bursa Securities (continued)

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses, pursuant to the directive, is as follows:

	Current Quarter Ended 31 Dec 2014 RM'000	Preceding Quarter Ended 30 Sept 2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised profits	585,072	583,426
- Unrealised profits	16,322	11,881
	601,394	595,307
Total share of retained earnings from associate:		
- Realised profits	4,140	3,848
Total share of retained earnings from joint venture:		
- Realised profits	(1,679)	(29)
Total Group's retained earnings	603,855	599,126

B12 – Reclassification of Comparatives

Certain comparatives may differ from the unaudited consolidated results announced for the 4th quarter of 2013 as they have been adjusted to take into account the audited results of the Group for the year ended 31 December 2013.

B13 – Authorisation for Release

This Interim Financial Report has been seen and approved by the Board for public release.

By Order of the Board
Tan Bee Hwee (MAICSA 7021024)
Queck Wai Fong (MAICSA 7023051)
Company Secretaries
12 February 2015

For more information on **TALIWORKS CORPORATION BERHAD**, shareholders and the general public can access the Company's website at http://www.taliworks.com.my. The Company had participated in the CMDF-Bursa Research Scheme to facilitate greater investors' understanding of the Group. Previous copies of independent research reports on the Company can be downloaded from http://www.bursamalaysia.com