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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2015 (UNAUDITED)

CONTENTS

This Report is authorised for public release on 26 November 2015

CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	30 Sep 2015 RM'000	31 Dec 2014 RM'000 (Audited)
ASSETS			
Property, plant and equipment		35,244	40,747
Investment properties		257	260
Intangible assets		1,832,480	1,689,672
Investment in joint venture		73,945	74,621
Investment in associates		6,962	5,881
Other investment		240	240
Goodwill on consolidation		131,889	131,889
Deferred tax assets		18,232	16,048
Long-term trade receivables	A1(c)	230,445	199,754
Long-term other receivables		923	625
Deposits, cash and bank balances	B13	33,742	32,877
Total Non-Current Assets		**2,364,359**	**2,192,614**
Inventories		1,502	1,207
Amount due from contract customers		10,648	1,411
Trade receivables	A1(c)	185,934	179,632
Other receivables, deposits and prepayments		8,727	88,951
Tax recoverable		1,585	7,983
Available-for-sale financial assets	B13	45,406	114,459
Deposits, cash and bank balances	B13	169,410	211,488
		423,212	**605,131**
Asset held-for-sale		-	125
Total Current Assets		**423,212**	**605,256**
TOTAL ASSETS		**2,787,571**	**2,797,870**
EQUITY AND LIABILITIES			
Share capital		219,908	218,246
Reserves		773,891	633,515
Total Equity Attributable to Owners of the Company		**993,799**	**851,761**
Non-controlling interests		294,195	523,668
Total Equity		**1,287,994**	**1,375,429**
LIABILITIES			
Long-term borrowings	B7	825,035	719,357
Deferred tax liabilities		254,514	254,514
Long-term trade payables		8,154	6,365
Deferred income		189,521	189,521
Provision for heavy repairs		11,728	9,099
Total Non-Current Liabilities		**1,288,952**	**1,178,856**
Trade payables		89,738	75,637
Other payables and accruals		83,475	129,193
Tax liabilities		2,860	5,017
Short-term borrowings	B7	30,918	21,756
Deferred income		3,634	11,982
Total Current Liabilities		**210,625**	**243,585**
TOTAL LIABILITIES		**1,499,577**	**1,422,441**
TOTAL EQUITY AND LIABILITIES		**2,787,571**	**2,797,870**
Net assets per share attributable to owners of the Company (RM) – after adjusting for the Share Split referred to in Note B6(b)(i)		**0.9038**	**0.7806**

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months Ended 30 Sep 2015 RM'000	3 Months Ended 30 Sep 2014 RM'000	9 Months Ended 30 Sep 2015 RM'000	9 Months Ended 30 Sep 2014 RM'000
Revenue	B1	**112,024**	**82,289**	**310,741**	**239,692**
Cost of operations		(87,105)	(57,840)	(236,390)	(175,310)
Gross profit		**24,919**	**24,449**	**74,351**	**64,382**
Other operating income		18,661	279,791	51,628	294,071
Administrative and other expenses		(14,385)	(13,565)	(38,418)	(31,701)
Operating profit		**29,195**	**290,675**	**87,561**	**326,752**
Finance costs		(11,291)	(9,609)	(32,951)	(20,868)
Share of results of joint venture		(199)	772	(676)	5,428
Share of results of associate		271	75	882	798
Profit before tax	B4	**17,976**	**281,913**	**54,816**	**312,110**
Income tax expense	B5	(2,330)	(901)	(13,348)	(11,008)
Profit for the financial period		**15,646**	**281,012**	**41,468**	**301,102**
Other comprehensive income/(loss):					
Net fair value gain/(loss) on available-for-sale financial assets		64	(35)	97	23
Foreign currency translation differences for foreign operations		30,711	5,778	45,744	(1,850)
Share of other comprehensive income/(loss) of joint venture		-	(18)	-	-
Total other comprehensive income/(loss) for the financial period		**30,775**	**5,725**	**45,841**	**(1,827)**
Total comprehensive income for the financial period		**46,421**	**286,737**	**87,309**	**299,275**

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months Ended 30 Sept 2015 RM'000	3 Months Ended 30 Sept 2014 RM'000	9 Months Ended 30 Sept 2015 RM'000	9 Months Ended 30 Sept 2014 RM'000
Profit for the financial period attributable to:					
Owners of the Company		10,804	280,377	35,326	296,821
Non-controlling interests		4,842	635	6,142	4,281
		15,646	**281,012**	**41,468**	**301,102**
Total comprehensive income for the financial period attributable to:					
Owners of the Company		40,070	285,803	78,956	295,371
Non-controlling interests		6,351	934	8,353	3,904
		46,421	**286,737**	**87,309**	**299,275**
Earnings per share attributable to owners of the Company (sen per share) (after adjusting for the Share Split referred to in Note B6(b)(i)):	B9				
- basic		0.98	25.69	3.23	27.20
- diluted		0.98	25.69	3.22	27.20

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying significant events and transactions attached to these interim financial statements.

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 2015		**218,246**	**74,176**	**1,591**	**25,140**	**(2)**	**(71,500)**	**604,110**	**851,761**	**523,668**	**1,375,429**
Available-for-sale financial assets		-	-	-	-	81	-	-	81	16	97
Foreign currency translation differences		-	-	-	43,549	-	-	-	43,549	2,195	45,744
Total other comprehensive income for the financial period		-	-	-	43,549	81	-	-	43,630	2,211	45,841
Profit for the financial period		-	-	-	-	-	-	35,326	35,326	6,142	41,468
Total comprehensive income for the financial period		-	-	-	43,549	81	-	35,326	78,956	8,353	87,309
Transactions with owners of the Company:											
Dividends paid	A6	-	-	-	-	-	-	(43,754)	(43,754)	-	(43,754)
Dividends paid by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	(61,370)	(61,370)
Proceeds from issuance of ordinary shares		1,662	4,653	-	-	-	-	-	6,315	-	6,315
Transfer from reserve upon ESOS options:											
- exercised		-	1,519	(1,519)	-	-	-	-	-	-	-
- lapsed		-	-	(72)	-	-	-	72	-	-	-
Changes in ownership interests in subsidiaries	A3(a)	-	-	-	-	-	-	100,521	100,521	67,124	167,645
Reduction in non-controlling interest arising from increase in stake in subsidiaries	A3(a)	-	-	-	-	-	-	-	-	(270,496)	(270,496)
Non-controlling interest arising from issuance of redeemable preference shares	A8(ii)	-	-	-	-	-	-	-	-	26,916	26,916
Total transactions with owners of the Company		1,662	6,172	(1,591)	-	-	-	56,839	63,082	(237,826)	(174,744)
As of 30 September 2015		**219,908**	**80,348**	**-**	**68,689**	**79**	**(71,500)**	**696,275**	**993,799**	**294,195**	**1,287,994**

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	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 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	-	-	-	-	8	-	-	8	15	23
Foreign currency translation differences	-	-	-	(1,458)	-	-	-	(1,458)	(392)	(1,850)
Total other comprehensive (loss)/income for the financial period	-	-	-	(1,458)	8	-	-	(1,450)	(377)	(1,827)
Profit for the financial period	-	-	-	-	-	-	296,821	296,821	4,281	301,102
Total comprehensive (loss)/income for the financial period	-	-	-	(1,458)	8	-	296,821	295,371	3,904	299,275
Transaction with owners of the Company:										
Dividends paid – FY2013	-	-	-	-	-	-	(4,365)	(4,365)	-	(4,365)
Proposed dividends – FY2014	-	-	-	-	-	-	(21,825)	(21,825)	-	(21,825)
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	-	-	-	-	-	-	(62,797)	(62,797)	516,592	453,795
As of 30 September 2014	**218,246**	**74,176**	**2,111**	**15,889**	**48**	**(71,500)**	**599,126**	**838,096**	**525,471**	**1,363,567**

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

		9 Months Ended 30 Sep 2015 RM'000	9 Months Ended 30 Sep 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		54,816	312,110
Adjustments for:			
Non-cash items		19,620	(243,053)
Interest income		(3,472)	(1,966)
Finance costs		32,950	20,868
Operating Profit Before Working Capital Changes		103,914	87,959
Net decrease/(increase) in inventories, amount due from contract customers, trade and other receivables and amount due from joint venture		26,995	(47,907)
Net increase in amount due to contract customers and trade and other payables		27,985	87,343
Cash Generated From Operations		158,894	127,395
Income tax paid		(18,948)	(16,647)
Income tax refunded		7,813	9,136
Net Cash From Operating Activities		**147,759**	**119,884**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,461	2,081
Property, plant and equipment:			
- proceeds from disposal		115	108
- purchase		(1,320)	(5,006)
Proceeds from disposal of investment property		246	-
Purchase of intangible assets		(30,138)	(15,696)
Acquisition of ordinary shares in subsidiaries	A3(a)	(102,851)	-
Payment to non-controlling interests		(37,102)	-
Investment in joint venture		-	(27,000)
Investment in an associate		(200)	-
Acquisition of subsidiary (net cash acquired)		-	304,835
Available-for-sale financial assets:			
- purchase		(24,368)	(45,535)
- proceeds from redemption		95,281	29,672
Placement of deposits pledged as security		(865)	(11,640)
(Increase)/Decrease in proceeds deposited in the designated bank accounts		(7,442)	16
Net Cash (Used In)/From Investing Activities		**(105,183)**	**231,835**
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(42,986)	(18,268)
Repayment of borrowings		(13,316)	(89,692)
Drawdown of borrowings		44,971	57,480
Dividends paid by a subsidiary to non-controlling interest		(61,370)	-
Repayment of finance lease payables		(272)	(236)
Dividends paid	A6	(43,754)	(4,365)
Proceeds from issuance of ordinary shares from exercise of ESOS		6,315	-
Net Cash Used In Financing Activities		**(110,412)**	**(55,081)**

CONDENSED STATEMENTS OF CASH FLOWS

	9 Months Ended 30 Sep 2015 RM'000	9 Months Ended 30 Sep 2014 RM'000
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(67,836)	296,638
Effects of foreign exchange rate changes	13,305	(151)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	197,088	15,044
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	**142,557**	**311,531**

Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	118,823	308,272
Cash and bank balances	84,329	38,974
Total deposits, cash and bank balances	203,152	347,246
Less: Deposits pledged as security	(33,742)	(32,212)
Less: Proceeds deposited in the designated bank accounts	(19,621)	(3,503)
Less: Overdrafts	(7,232)	-
	142,557	**311,531**

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying significant events and transactions attached to these interim financial statements.

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

A1 – Basis of Preparation

(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 and paragraph 9.22 of the Main Board Listing Requirements of Bursa Securities Sdn Bhd **("Bursa Securities")**.

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 2014. 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 2015 relevant to the Group as follows:-*

MFRSs, Amendments to MFRSs and IC Interpretations

Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
Annual improvements to MFRSs 2010-2012 cycle (issued in February 2014)
Annual improvements to MFRSs 2011 - 2013 cycle (issued in February 2014)

The application of the above Amendments to MFRS and Annual improvements to MFRS 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
Amendments to MFRS 127	Equity Method in Separate Financial Statements

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.

A1 – Basis of Preparation (continued)

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

Foreign currency	30 Sep 2015 RM	30 Jun 2015 RM	30 Sep 2014 RM
1 US Dollar (USD)	4.45	3.77	3.28
1 Singapore Dollar (SGD)	3.12	2.80	2.86
100 Hong Kong Dollars (HKD)	57.36	48.67	42.25
100 Chinese Renminbi (RMB)	69.94	60.85	53.43

(c) 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 interim financial statements.

In these interim financial statements, critical estimates were made to the classification and carrying amount of a trade receivable in a subsidiary, Sungai Harmoni Sdn Bhd **("SHSB")**, as follows:-

As at the end of the financial period, the invoiced amounts due and owing by Syarikat Pengeluar Air Sungai Selangor Sdn Bhd **("SPLASH")** amounted to RM386.165 million. Based on current repayment pattern and best estimates, the Group would expect a repayment of approximately RM100.6 million in the next twelve months (up from the previous estimate of RM88.8 million in the corresponding quarter) 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 RM6.898 million was made in the current quarter, comprising an additional provision for discounting on a deferred payment consideration of RM11.462 million which was set-off against revenue and a reversal of discounting of receivables amounting to RM4.564 million recognised as Other Income.

Due to the recent positive developments in the consolidation of the Selangor water sector as further elaborated in Note B2 below, the Board is of the view that no provision is to be made for bad and doubtful debts at this juncture as the Board considers the amount owing by SPLASH to be fully recoverable.

The above critical accounting judgement and estimate will be re-assessed from time to time as they may have a significant impact to future amounts recognised in the financial statements.

A2 – Comments about the Seasonal or Cyclicality of Interim Operations

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

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

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

(a) Acquisition of non-controlling interests in Cerah Sama Sdn Bhd **("CSSB")** and Pinggiran Muhibbah Sdn Bhd **("PMSB")** as disclosed in Note A8.

These acquisitions did not result in a change of control and as such were treated as transactions between owners of the Company. The difference between the proportionate share of the carrying amount of the net assets in CSSB and PMSB as at date of acquisition and the value of the consideration paid has been recognised directly in equity as follows:-

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

	CSSB RM'000	PMSB RM'000	Total RM'000
Proportionate share of the carrying amount of the net assets as at date of acquisition	198,086	72,410	270,496
Less: Value of consideration paid	(80,000)	(22,851)	(102,851)
Positive movement in equity	118,086	49,559	167,645
	======	======	======
Positive movement in equity attributable to:-			
Owners of the Company	50,962	49,559	100,521
Non-controlling interests	67,124	-	67,124
	118,086	49,559	167,645
	======	======	======

(b) Proceeds from settlement of litigation claim against a third party

During the current quarter, a subsidiary, Cerebro International Ltd, the investment of which had earlier been written off in the financial statements, received proceeds totalling USD1.58 million and AUD0.35 million (or RM7.486 million in equivalent) arising from the settlement of a legal suit instituted by its investee company against a third party. The said proceeds were recognised as Other Income in these interim financial statements.

A4 – Accounting Estimates

Save as disclosed in Note A1(c) above, there were no changes in estimates of amounts reported in prior financial years of the Group that have had a material effect in the current quarter and financial period.

A5 – Issuance, Repurchases and Repayments of Debt and Equity Securities

During the current quarter and financial period, there was no issuance, repurchase and repayment of equity or debt securities by the Company, other than arising from the Employees' Share Option Scheme **("ESOS")** of the Company as follows:-

	Number of ESOS options exercised		Number of ESOS options lapsed	
	Current quarter	YTD	Current quarter	YTD
ESOS options at RM1.90 per share	2,435,000	3,324,000	35,000	159,000
ESOS options at RM1.30 per share	-	-	21,000	21,000

The ESOS had expired on 29 September 2015 and a total of 21,000 ESOS options at RM1.31 per share and 159,000 ESOS options at RM1.90 per share remained unexercised. In accordance with the ESOS By-laws, all ESOS options to the extent unexercised on the expiry of the ESOS shall lapse and be null and void and of no further force or effect.

A6 – Dividends Paid

(a) On 26 February 2015, the Board 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 2015. The dividends were paid on 1 April 2015.

(b) On 2 July 2015, the Board further declared a second interim single-tier dividend of 5.0 sen per share on 438,580,580 ordinary shares of RM0.50 each, amounting to approximately RM21,929,029 in respect of the financial year ending 31 December 2015. The dividends were paid on 31 July 2015.

A7 – 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 save and except for the following:-

(A) <u>Internal Re-Organisation of Group Structure</u>

Subsequent to the end of the interim period, the Group announced an internal re-organisation exercise on 26 November 2015 as follows:-

(i) the transfer by the Company to PMSB, a wholly-owned subsidiary of the Company, of 48,000,000 irredeemable preference shares of RM1.00 each in Grand Sepadu (NK) Sdn Bhd ("**GSNK**") ("**GSNK IPS**"), representing 62.9% of the total GSNK IPS in issue, for a consideration of RM48,000,000;

(ii) the transfer by PMSB to the Company, of 5,100 ordinary shares of RM1.00 each in TEI Sdn Bhd ("**TEI**") ("**TEI Shares**"), representing 51% of the total TEI Shares in issue and 238,011,902 redeemable preference shares of par value of RM0.001 each and premium of RM0.999 each in TEI ("**TEI RPS**"), representing 51% of the total TEI RPS in issue for a consideration of RM5,100 and RM238,011,902, respectively; and

(iii) the subscription by the Company of 45,932,920 new redeemable preference shares of par value of RM0.01 each and premium of RM0.99 each in PMSB ("**PMSB RPS**"), for a consideration of RM45,932,920 which was satisfied by capitalising an equivalent amount owing by PMSB to the Company (after taking into consideration the existing net amount owing by PMSB to the Company as well as item (i) and (ii) above).

Pursuant to the Re-organisation, the existing shareholders agreement dated 11 August 2014 between PMSB, the Company, the Employees Provident Fund Board ("**EPF**"), Pinggiran Ventures Sdn. Bhd. ("**PVSB**"), a wholly-owned subsidiary of EPF, and TEI which governs their mutually agreed rights, duties, liabilities and obligations to each other and in respect of PMSB and PVSB as shareholders of TEI, will be terminated. Following that, the Company will also enter into a new shareholders agreement with PVSB, EPF and TEI for the same purpose of setting out their mutually agreed rights, duties, liabilities and obligations to each other and in respect of the Company and PVSB, as shareholders of TEI.

(B) The completion of the Share Split and issuance of Warrants as further elaborated in Note B6(b) below. Kindly refer to Note B14 on the retrospective adjustments made arising from the Share Split.

A8 – Changes in Composition of the Group

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

(i) on 26 February 2015, the then 51% owned subsidiary of PMSB, accepted an offer to acquire 208,250 ordinary shares of RM1.00 each, representing 35% ordinary share capital in CSSB from SEASAF Highway Sdn Bhd for a cash consideration of RM80,000,000. Upon the completion of the acquisition on 26 March 2015, CSSB became a wholly-owned subsidiary of TEI;

A8 – Changes in Composition of the Group (continued)

(ii) on 26 February 2015, the Company accepted an offer to acquire 1,538 ordinary shares of RM1.00 each representing 15.38% of the ordinary share capital in PMSB and 26,916,218 redeemable preference shares of RM0.01 each in PMSB from a minority shareholder of PMSB for a cash consideration of RM22,851,538. Upon the completion of the acquisition on 21 April 2015, PMSB became a wholly-owned subsidiary of the Company.

A9 – Other Significant Transactions and Events

Other than disclosed elsewhere in these interim financial report, there are no other transactions and events that are significant to an understanding of the changes in the financial position and performance of the Group since the end of the last annual reporting period, save for the following:-

(a) Changes in Contingent Liabilities

The outcome of the two litigations referred to in Note B8, which were previously disclosed as contingent liabilities, have now been established and the associated liabilities taken up in these interim financial statements. As such, there are no contingent liabilities to be disclosed as at the date of these interim financial statements.

A10 - 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.

	Water treatment, supply and distribution		Waste management		Construction		Toll operations		Others		Total	
3 months ended 30 Sep	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue												
Total revenue	52,720	55,323	19,774	13,800	41,369*	15,243	15,003	8,534	13,364^	1,220	142,230	94,120
Inter-segment revenue	-	-	(200)	(149)	(5,180)	(92)	-	-	(13,364)	(1,047)	(18,744)	(1,288)
External revenue	52,720	55,323	19,574	13,651	36,189	15,151	15,003	8,534	-	173	123,486	92,832
Reconciliation:												
Difference in accounting policy (see note below)	(11,462)	(10,543)	-	-	-	-	-	-	-	-	(11,462)	(10,543)
Revenue as per statement of comprehensive income	41,258	44,780	19,574	13,651	36,189	15,151	15,003	8,534	-	173	**112,024**	**82,289**

* *Including RM18.71 million (Q3FY14: RM Nil) construction revenue recognised pursuant to IC Int 12 from the construction of a public service infrastructure.*

^ *Including dividend income of RM 12.0 million (Q3FY14: RM Nil) received from a subsidiary.*

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

A10 - Operating Segments (continued)

3 months ended 30 Sep	Water treatment, supply and distribution 2015 RM'000	Water treatment, supply and distribution 2014 RM'000	Waste management 2015 RM'000	Waste management 2014 RM'000	Construction 2015 RM'000	Construction 2014 RM'000	Toll operations 2015 RM'000	Toll operations 2014 RM'000	Others 2015 RM'000	Others 2014 RM'000	Total 2015 RM'000	Total 2014 RM'000
Earnings before finance costs, depreciation and amortisation and income tax expense	12,520	13,966	9,782	8,225	1,634	490	18,846	5,498	55,556	342,144	98,338	370,323
Depreciation and amortisation	(198)	(148)	(5,433)	(4,334)	(143)	(120)	(3,957)	(2,614)	(949)	(724)	(10,679)	(7,940)
	12,322	13,818	4,350	3,891	1,491	370	14,889	2,884	54,607	341,420	87,659	362,383
Finance costs	(1)	-	(5,858)	(5,249)	(7)	(7)	(5,353)	(3,108)	(72)	(1,245)	(11,291)	(9,609)
Inter-segment results	572	510	612	312	163	60	150	89	(59,961)	(72,679)	(58,464)	(71,708)
Segment results	12,893	14,328	(896)	(1,046)	1,647	423	9,686	135	(5,426)	267,496	17,904	281,066
Share of (loss)/profit of joint venture											(199)#	772
Share of results of associate											271	75
Profit before tax											17,976	281,913
Income tax expense											(2,330)	(901)
Profit for the financial period as per statement of comprehensive income											**15,646**	**281,012**

As at 30 Sep	Water treatment, supply and distribution 2015 RM'000	Water treatment, supply and distribution 2014 RM'000	Waste management 2015 RM'000	Waste management 2014 RM'000	Construction 2015 RM'000	Construction 2014 RM'000	Toll operations 2015 RM'000	Toll operations 2014 RM'000	Others 2015 RM'000	Others 2014 RM'000	Total 2015 RM'000	Total 2014 RM'000
Segment assets	424,976	388,645	754,057	506,760	42,629	45,544	1,508,290	1,629,085	57,619	180,468	2,787,571	2,750,502
Segment liabilities	(69,402)	(59,718)	(512,275)	(309,510)	(30,720)	(34,436)	(880,315)	(882,423)	(6,865)	(100,848)	(1,499,577)	(1,386,935)
Net segment assets/(liabilities)	**355,574**	**328,927**	**241,782**	**197,250**	**11,909**	**11,108**	**627,975**	**746,662**	**50,754**	**79,620**	**1,287,994**	**1,363,567**

A10 - Operating Segments (continued)

Note 1

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

(i) Malaysia*- Water treatment, supply and distribution, construction, operation and maintenance of toll highway (exclude GSNK which is accounted for as a joint-venture using equity method), and provision of technical services relating to waste management.

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

* The Company's home country.

Note 2

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

3 months ended 30 Sep	Revenue 2015 RM'000	Revenue 2014 RM'000	Total assets 2015 RM'000	Total assets 2014 RM'000
Malaysia	73,741^	68,638^	2,027,801	2,238,545
China / Hong Kong SAR	38,283*	13,651	759,532	511,763
Singapore	-	-	238	194
	112,024	**82,289**	**2,787,571**	**2,750,502**

^ *including provision for discounting on the deferred payment consideration of RM11.462 million (Q3FY14: RM10.543 million)*

* *including RM18.71 million (Q3FY14: RM Nil) construction revenue recognised pursuant to IC Int 12 from the construction of a public service infrastructure.*

the share of results of joint venture comprises the Group's share of profit in GSNK, which is accounted for under the equity method.

PART B – DISCLOSURES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 – Analysis of Performance

Part A – Operating Segments Review

(a) Revenue

	3 Months Ended 30 Sep 2015 RM'000	3 Months Ended 30 Sep 2014 RM'000	9 Months Ended 30 Sep 2015 RM'000	9 Months Ended 30 Sep 2014 RM'000
Water treatment, supply and distribution	52,720	55,323	161,067	164,653
Construction	36,189	15,151	90,272	56,058
Waste management	19,574	13,651	51,597	40,190
Toll operations	15,003	8,534	44,550	8,534
Others	-	173	-	473
	123,486	92,832	347,486	269,908
Less: Provision for discounting on a deferred payment consideration	(11,462)	(10,543)	(36,745)	(30,216)
	112,024	**82,289**	**310,741**	**239,692**

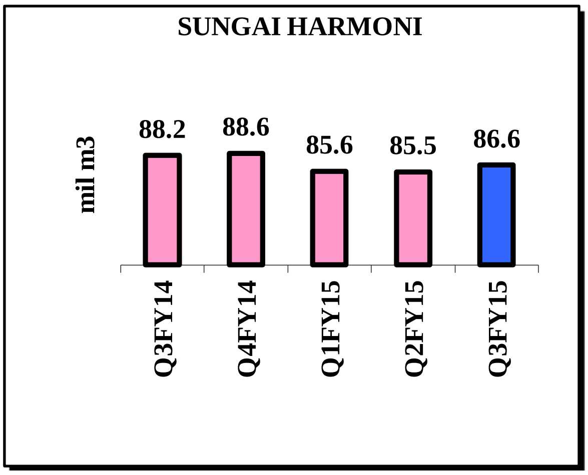
(b) Profit Before Tax

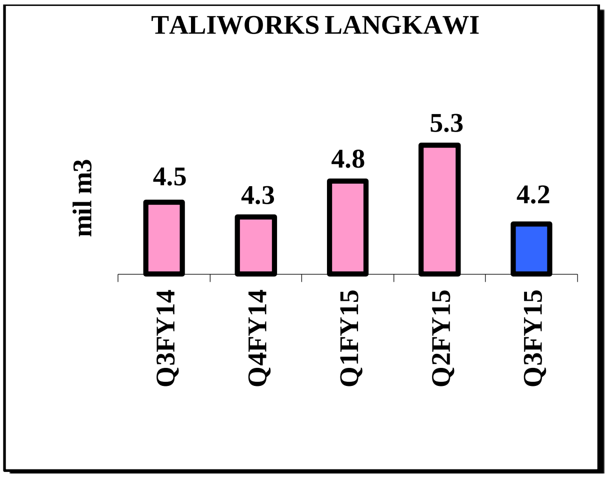
	3 Months Ended 30 Sep 2015 RM'000	3 Months Ended 30 Sep 2014 RM'000	9 Months Ended 30 Sep 2015 RM'000	9 Months Ended 30 Sep 2014 RM'000
Water treatment, supply and distribution	12,894	14,328	55,560	52,819
Construction	1,654	430	5,658	1,909
Waste management	4,962	4,203	11,900	8,642
Toll operations	15,039	2,973	28,313	2,973
Others	(5,354)	268,741	(13,870)	260,409
Operating profit	**29,195**	**290,675**	**87,561**	**326,752**
Finance cost	(11,291)	(9,609)	(32,951)	(20,868)
Share of (loss)/profit of joint venture	(199)	772	(676)	5,428
Share of results of associate	271	75	882	798
Profit before tax	**17,976**	**281,913**	**54,816**	**312,110**

B1 – Analysis of Performance (continued)

Part A – Operating Segments Review (continued)

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





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

Overall Summary

Group revenue came in at RM123.5 million which was RM30.7 million or 33.0% higher than the RM92.8 million recorded in the corresponding quarter (before impact from provision for discounting). The higher revenue was mainly attributable to the consolidation of the financial results of CSSB as a subsidiary with effect from August of last year and higher contribution from both construction and waste management segments. However, after taking into account the impact from the provision for discounting, the Group revenue reduced to RM112.0 million. Nevertheless, it was still higher than RM82.3 million achieved a year ago.

On the Group's profit before taxation **("PBT"),** the corresponding period recorded an exceptional gain on restructuring of RM272.7 million arising from the completion of the Group's restructuring exercise which accounted significantly for the PBT of RM281.9 million recorded in that period. However, excluding this exceptional gain, the Group's PBT came in higher compared to corresponding quarter on account of a proceeds from settlement of litigation claim of RM7.486 million referred to in Note A3(b) from the toll division and the recognition of results from the toll division for the full three months ended this quarter.

Water treatment, supply and distribution

Revenue for the water treatment, supply and distribution segment registered a drop of about 4.7%. In Sungai Selangor Water Treatment Works Phase I ("SSP1"), metered sales was lower by 1.8% (i.e. from 88.2 million m^3 (or 958 million litres per day **("MLD")**) to 86.6 million m^3 (or 941 MLD).

Whereas in the Langkawi operations, revenue was lower due to the downward revision in the Bulk Sales Rate ("**BSR**") to RM2.15/m3 from RM2.21/m3 *(the Company announced on 4 March 2015 that the BSR had been revised retrospectively to take effect from 1 January 2014)* as well as from the impact from a decrease in the metered sales by 5.2%. i.e. from 4.45 million m^3 to 4.22 million m^3.

At the operating level, the segment profit stood at RM19.8 million compared to RM22.0 million achieved a year ago (after stripping out the effects of discounting). This was mainly due to higher rehabilitation, maintenance and upkeep costs incurred in the Langkawi operations.

B1 – Analysis of Performance (continued)

Construction

Included in revenue is approximately RM18.71 million construction revenue recognised pursuant to IC Int 12 from the expansion and upgrading works in Wastewater Treatment Plant No. 3 ("WWTP#3") in Taliworks Yinchuan. Excluding this sum, the revenue contribution was still higher at RM17.5 million compared to RM15.2 million achieved a year ago on account of the revenue recognised 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")** with a project value of approximately RM30.6 million. However, there was a reduction in contribution from the on-going Mengkuang Dam Expansion Project.

In line with the higher revenue, profit saw an increase mainly from construction profits recognised pursuant to IC Int 12 and from the SSP3 Project.

Waste management

Revenue registered a significant increase of RM5.9 million to RM19.6 million mainly attributable to higher contributions from all the three waste management operations and strength of RMB/MYR. Production in the Guanghan operations jumped by almost three folds on account of the completion of a major rehabilitation works in December 2014 which improved the efficiency of the plant to treat wastewater, couple with longer operating day due to plant closure for rehabilitation work in the corresponding quarter. Whereas in the Tianjin operations, revenue was higher due to higher tipping fee with effect from January of this year and increase in production by 4.4%. Production from the Yinchuan operations saw a marginal dip of 1%.

During the current quarter, the upgraded WWTP#3 in Taliworks Yinchuan operated at effluent standard Class1A. Pending the new tariff rate for the upgraded plant to be finalised, the company is recognising revenue based on the existing rate whilst accounting for higher operating costs incurred due to increased chemical consumption. Despite this setback, the segment still managed to report a higher operating profit of RM5.0 million compared to RM4.2 million on account of higher production in the Guanghan operations and strength of the transacting currencies.

Toll operations-Subsidiary

The Group consolidated the financial results of CSSB commencing August of last year when CSSB became a subsidiary. The Cheras-Kajang highway which recorded an Average Daily Traffic **("ADT")** of 136,569 vehicles per day, a growth of 6.1%, contributed RM15.0 million to the group revenue in the current quarter compared to RM8.5 million in corresponding quarter. The growth in the ADT was partly attributed to the sectional completion of the MRT works along certain sections of the highway.

Apart from higher ADT, the division profit contribution was also boosted from the proceeds received from the settlement of legal suit of RM7.486 million mentioned in Note A3(b) above and to a lesser extent higher unrealised foreign exchange gain in current quarter. In addition, the higher incidental costs incurred by TEI (from the Re-organisation exercise referred in Note A1(a)(ii) of the Interim Financial Report published on 28 November 2014) had a negative effect on the PBT in the corresponding quarter.

The division contributed approximately RM15.0 million to the Group's operating profit arising from consolidation of the toll division's results with the corresponding drop in share of results from joint venture. The finance costs of the Group have also increased due to consolidation of the toll division's results.

B1 – Analysis of Performance (continued)

Toll operations -Share of results of joint venture

The Group's share of results in GSNK was lower compared to corresponding quarter due to higher financing cost and tax expense during the current quarter. The acquisition of New North Klang Straits Bypass Expressway by GSNK was completed in the fourth quarter of last year and as such, there were no operating results in the corresponding quarter.

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

Overall Summary

For the current financial period, the Group revenue increased from RM269.9 million to RM347.5 million mainly attributable to the consolidation of the financial results of CSSB as a subsidiary and higher contribution from both the construction and waste management segments. However, after taking into account the impact from the provision for discounting, the Group revenue was lower at RM310.7 million. Nevertheless, it was still higher than RM239.7 million achieved in the corresponding period.

As mentioned above, the Group recorded an exceptional gain of RM272.7 million in Aug of last year which resulted in the disproportionate profit performance of the Group in the current year.

Excluding this exceptional gain and provision for discounting on receivables, the Group's PBT was higher compared to the corresponding period on account of the consolidation of the financial results of CSSB and proceeds received from settlement of litigation claim of RM7.486 million in the toll division.

Water treatment, supply and distribution

At the operating level, the revenue from water treatment, supply and distribution business recorded a decrease in revenue to RM161.1 million from RM164.7 million in the corresponding period. Metered sales in SSPI operations registered a marginal drop of 1.3% (i.e. from 261.14 million m^3 (or 957 MLD) to 257.69 million m^3 (or 944 MLD). Whereas the Langkawi operations saw a reduction in revenue principally due to the lower BSR despite the increase in metered sales by 2.3%.

At the operating level, the segment profit was lower by RM4.4 million at RM64.8 million (after stripping out the effects of discounting) compared to RM69.3 million on account of lower revenue, coupled with higher maintenance and rehabilitation expenses incurred in both the SSPI and Langkawi operations.

Construction

In the current financial period, the segment revenue grow significantly by RM34.1 million to RM90.3 million. The increase was mainly attributable to RM41.2 million construction revenue recognised pursuant to IC Int 12 and revenue recognised from the SSP3 Project whereas there was a reduction in revenue recognised from the on-going Mengkuang Dam Expansion Project due to lower percentage of completion. The profit contributed from this segment was higher in line with the higher revenue achieved.

Waste management

Revenue from this segment recorded an increase of RM11.4 million to RM51.6 million mainly attributable to the strength of the RMB/MYR and increases in the quantity of wastewater effluent treated from the Yinchuan and Guanghan wastewater treatment plants.

B1 – Analysis of Performance (continued)

Whilst the segment was impacted by the higher operating costs in Yinchuan operation and accrual of an arbitration claim, the segment still managed to report a higher operating profit of RM11.9 million compared to RM8.6 million achieved in the corresponding period on account of the strength of the transacting currencies.

Toll operations-Subsidiary

In the toll operations, CSSB contributed approximately RM44.6 million to the group revenue. The Cheras-Kajang highway recorded higher ADT by 3.9% i.e. 136,292 vehicles per day compared to 131,201 vehicles per day achieved in the corresponding period.

Despite the higher maintenance costs incurred on specific pavement repairs work in CSSB during the financial period, the profit contribution was higher primarily due to proceeds received from settlement of litigation claim of RM7.486 million, higher ADT and unrealised foreign exchange gain in the financial period. In addition, the PBT in the corresponding period was also impacted by the higher incidental costs incurred by TEI from the Re-organisation exercise as abovementioned.

The division has contributed approximately RM28.3 million to the Group's operating profit arising from consolidation of the toll division's results with the corresponding drop in share of results from joint venture. The finance costs of the Group have also increased due to consolidation of the toll division's results.

Toll operations -Share of results of joint venture

The Group's share of results in GSNK was lower compared to corresponding period due to higher financing cost and tax expense during the current financial period. The acquisition of New North Klang Straits Bypass Expressway by GSNK was completed in the fourth quarter of last year and as such, there were no operating results in the corresponding period.

Part B – Material Change in Financial Performance for the Current Quarter Compared with Preceding Quarter

(a) Revenue

	3 Months Ended 30 Sep 2015 RM'000	3 Months Ended 30 Jun 2015 RM'000
Water treatment, supply and distribution	52,720	54,017
Construction	36,189	28,657
Waste management	19,574	16,171
Toll operations	15,003	15,024
Others	-	-
	123,486	113,869
Less: Provision for discounting on a deferred payment consideration	(11,462)	(12,169)
	112,024	**101,700**

B1 – Analysis of Performance (continued)

(b) Profit Before Tax

	3 Months Ended 30 Sep 2015 RM'000	3 Months Ended 30 Jun 2015 RM'000
Water treatment, supply and distribution	12,894	16,533
Construction	1,654	1,907
Waste management	4,962	5,049
Toll operations	15,039	5,215
Others	(5,354)	(3,791)
Operating profit	**29,195**	**24,913**
Finance cost	(11,291)	(10,867)
Share of loss of joint venture	(199)	(454)
Share of results of associate	271	254
Profit before tax	**17,976**	**13,846**

Compared to the previous quarter, the Group recorded an increase in revenue of RM9.6 million from RM113.9 million to RM123.5 million (before taking into account the impact from provision for discounting) primarily from both the construction and waste management segments.

Stripping out the effects from the discounting, the Group's PBT stood at RM24.9 million compared to RM19.9 million recorded in previous quarter, in line with the higher revenue achieved as well as the proceeds received from settlement of litigation claim of RM7.486 million as mentioned above. However, the current quarter profit was impacted by higher operating costs in Yinchuan operation.

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.

Since the previous Interim Financial Report which was last published on 19 August 2015, there have been positive developments in the consolidation/restructuring of the Selangor water sector whereby the Selangor State Government, through Pengurusan Air Selangor Sdn Bhd ("Air Selangor"), had completed the acquisitions of Puncak Niaga (M) Sdn Bhd, the concessionaire for the Sungai Selangor Water Treatment Works Phase 2, and Syarikat Bekalan Air Selangor Sdn Bhd **("SYABAS")** on 15 October 2015.

Further on 22 October 2015, Air Selangor entered into a conditional share purchase agreement to acquire Titisan Modal (M) Sdn Bhd, the holding company of Konsortium ABASS Sdn Bhd ("**ABASS**"). ABASS operates and maintains the Sungai Semenyih Water Supply Scheme and this is expected to be completed in the fourth quarter of 2015 as announced by the relevant party to Bursa Malaysia.

It is also reported that SPLASH has been given a one-year grace period until middle of next year to re-negotiate terms with the Selangor government. All of these points to a favourable outlook on the progress of the on-going consolidation/restructuring of the Selangor water sector. Nevertheless, pending the final outcome, the Group will continue to provide for discounting on a deferred payment consideration in respect of delay in payments from SPLASH.

B2 – Current Year Prospects (continued)

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 fourth year of construction. During the financial period, the Group, via a newly incorporated associate company, was awarded the Proposed Development of Langat 2 Water Treatment Plant and Water Reticulation System in Selangor and Wilayah Persekutuan Kuala Lumpur (Pakej 7-Membina dan Menyiapkan Kolam Air Imbangan Hulu Langat Berkapasiti 92 Juta Liter) ("Langat 2- Package 7 Project") for a contract sum of approximately RM75.9 million, to be completed within 27 months from the commencement date (to be determined later).

In the waste management division, the Group is expected to progressively undertake the expansion and/or upgrading of the three remaining wastewater treatment plants under the Yinchuan TOT Project in the next two years. The upgrade and expansion of the Wastewater Treatment Plant No. 3 has commenced in the first half of last year and was completed with the certification of effluent standard class 1A operation in August of this year. The estimated amount of capital expenditure incurred on Wastewater Treatment Plant No. 3 was approximately RMB130 million (RM90.922 million). The local authority is currently finalising both the capital expenditure amount and operation cost audit to determine the new tariff rate. The upgrade and expansion of the Wastewater Treatment Plants No.1, 2 and 4 are currently in the planning and design stage. The Group is expected to commence the upgrading of Wastewater Treatment Plant No.4 in the fourth quarter of 2015. The capital expenditure required for the upgrading and expansion will substantially be funded from domestic bank borrowings.

In the toll highway division, the successful taking over the New North Klang Straits Bypass Expressway at end of last year paved the way for the Group to further develop its infrastructure business by acquiring mature operating assets with stable cash flow in Malaysia and the developed markets with a view to generate valuable new revenue stream and providing a recurring and stable source of cash flow 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 in developed markets, which the Group has identified to be a new growth area.

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

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 30 Sep 2015 RM'000	Year-to-date 9 Months Ended 30 Sep 2015 RM'000
Revenue		
Provision for discounting on receivables *(Note A1(c))*	(11,462)	(36,745)
Other operating income:		
Interest income on fixed deposits with licensed banks	1,023	3,472
Interest income imputed on retention sum	(206)	37
Dividend from available-for-sale financial assets	341	1,489
Rental income	93	471
Unwinding of discount on receivables	9	26
Reversal of discounting of receivables (*Note A1(c))*	4,564	27,474

	Current Quarter 3 Months Ended 30 Sep 2015 RM'000	Year-to-date 9 Months Ended 30 Sep 2015 RM'000
Unrealised foreign exchange gain	4,824	6,638
Realised gain on available-for-sale financial assets	7	274
Waiver of value-added tax	360	3,307
Proceeds from litigation claim (*Note A3(b))*	7,486	7,486
Cost of operations, administrative and other expenses:		
Depreciation and amortisation	(10,679)	(29,946)
Imputed interest on borrowing	(137)	(411)
Unrealised foreign exchange losses	(1,110)	(1,119)
Reversal of interest income imputed on retention sum	(232)	(232)

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

B5 – Income Tax Expense

	Current Quarter 3 Months Ended 30 Sep 2015 RM'000	Year-to-date 9 Months Ended 30 Sep 2015 RM'000
Malaysian income tax:		
-Current year tax	5,339	16,502
-Over provision in prior years	(1,325)	(1,327)
Deferred tax expense	(1,885)	(2,028)
Foreign income tax	201	201
	2,330	13,348

The income tax expense is in respect of the estimated Malaysian income tax charges and deferred tax, and foreign income tax for the financial period. 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

As at 20 November 2015 (being a date not earlier than 7 days from the date of this Interim Financial Report), there were no corporate proposals announced but not completed. The following are the updates from the previous Interim Financial Report dated 19 August 2015:-

(a) In respect of the proposed private placement of new shares, it was completed on 23 October 2015 following the listing of and quotation for 43,980,000 new placement shares on the Main Market of Bursa Malaysia Securities Berhad. Arising thereof, the Company's issued and paid up capital has increased to 483,795,580 ordinary shares of RM0.50 each as of the date thereof. The private placement raised total proceeds of RM140.736 million.

B6 – Status of Corporate Proposals Announced But Not Completed (continued)

The status of utilisation of the proceeds as at 20 November 2015 is as follows:

	Gross proceeds raised RM'000	Actual utilisation RM'000	Intended timeframe for utilisation RM'000
For future investments/ working capital purposes	138,236	-	Within 12 months from the completion date
Estimated expenses in relation to the private placement	2,500	2,597	Immediate
	140,736	2,597	
	======	======	

(b) In relation to the following proposals as announced on 22 July 2015:-

(i) share split involving the subdivision of every two (2) existing ordinary shares of RM0.50 each in the Company into five (5) ordinary shares of RM0.20 each in the Company; ("**Share Split**") and

(ii) issue of free warrants in the Company ("**Warrants**") on the basis of one (1) Warrant for every five (5) shares after the Share Split;

On 9 November 2015, 483,795,580 ordinary shares of RM0.50 each in the Company were subdivided into 1,209,488,950 ordinary shares of RM0.20 each and the subdivided shares were subsequently listed and quoted on the Main Market of Bursa Securities on 11 November 2015.

A total of 241,897,790 Warrants 2015/2018 were issued on 12 November 2015 and they were subsequently listed and quoted on the Main Market of Bursa Securities on 17 November 2015.

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	105	-	105	768	-	768
Bank overdraft	-	7,232	7,232	-	-	-
Government loan	-	4,197	4,197	-	-	-
Term loans*	19,384	-	19,384	408,986	-	408,986
Islamic Medium Term Notes ("**IMTN**")	-	-	-	415,281	-	415,281
	19,489	11,429	30,918	825,035	-	825,035

B7 – Group Borrowings and Debt Securities (continued)

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	19,384	4,197	23,581	408,986	-	408,986
Ringgit Malaysia	105	7,232	7,337	416,049	-	416,049
	19,489	11,429	30,918	825,035	-	825,035

* *Secured by Taliworks (Yinchuan) Wastewater Co Ltd, a subsidiary, denominated in Chinese Renminbi, to finance the acquisition of the Yinchuan TOT Project and the capital expenditure incurred for the expansion and upgrading of the wastewater treatment plant as described in Note B2. The repayment of the term loans will be from proceeds generated from the operations.*

B8 – Changes in Material Litigations

As at 20 November 2015 (being a date not earlier than 7 days from the date of this Interim Financial 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 as disclosed below:-

(a) the outcome of the arbitral award in favour of the Applicant in the arbitration between Hua Sheng Construction Group Co. Ltd (as the Applicant) and Ningxia Eco Wastewater Treatment Co. Ltd, a subsidiary of the Company (as the Respondent) as announced to Bursa Securities on 17 April 2015.

☞ http://www.bursamalaysia.com/market/listed-companies/company-announcements/4708213

As a result thereof, the penalty and other associated costs amounting to approximately RMB4.66 million (equivalent to RM3.26 million) have been accrued in these interim financial statements.

(b) *Sichuan Provincial Economic and Technological Investment Guarantee Centre ("the Plaintiff") against 1st Defendant: Puresino (Guanghan) Water Co., Ltd. ("Puresino Guanghan"), a subsidiary of the Company; 2nd Defendant: Beijing Puresino-Boda Environmental Engineering Co., Ltd. ("2nd Defendant") 3rd Party: Sichuan Watson Environmental Engineering Co., Ltd. ("Watson Environmental") 3rd Party: China Electronic System Engineering 3rd Construction Co., Ltd. ("CESE3")*

Under the Deyang Intermediate People's Court mediation, the case was settled out of court on 3 July 2015 and no liquidated damages and incidental expenses were awarded. Under the settlement agreement, Puresino Guanghan is required to settle the outstanding amount of RMB4.296 million (equivalent to RM2.61 million) to the Plaintiff by 31 December 2015.

Arising thereof, the Group has accrued the additional claims and other associated costs amounting to approximately of RMB0.35 million (equivalent to RM0.24 million) in these interim financial statements.

B9 – Earnings Per Share ("EPS")

(a) Basic earnings per share

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

	Current Quarter		Year-to-date	
	3 Months Ended 30 Sep 2015	3 Months Ended 30 Sep 2014	9 Months Ended 30 Sep 2015	9 Months Ended 30 Jun 2014
Profit for the financial period attributable to owners of the Company (RM'000)	10,804	280,377	35,326	296,821
Weighted average number of ordinary shares in issue ('000)	439,048	436,492	437,432	436,492
Basic EPS (sen) – before Share Split	2.46	64.23	8.08	68.00
Basic EPS (sen) – after Share Split	0.98	25.69	3.23	27.20

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period adjusted for potential dilutive ordinary shares from the exercise of ESOS options.

	Current Quarter		Year-to-date	
	3 Months Ended 30 Sep 2015	3 Months Ended 30 Sep 2014	9 Months Ended 30 Sep 2015	9 Months Ended 30 Sep 2014
Profit for the financial period attributable to owners of the Company (RM'000)	10,804	280,377	35,326	296,821
Weighted average number of ordinary shares in issue ('000)	439,048	436,492	437,432	436,492
Effects of dilution from ESOS Options ('000)	754	-	1,034	-
Adjusted weighted average number of ordinary shares in issue ('000)	439,802	436,492	438,466	436,492
Diluted EPS (sen) – before Share Split	2.46	64.23	8.06	68.00
Diluted EPS (sen) – after Share Split	0.98	25.69	3.22	27.20

B10 – Dividends

The Board is pleased to declare a third interim single-tier dividend of 2.0 sen per share on 1,209,488,950 ordinary shares of RM0.20 each (or 5.0 sen before the Share Split), amounting to approximately RM24,189,779 in respect of the financial year ending 31 December 2015, to be paid on 23 December 2015.

As at the date of this Interim Financial Report, the total dividends declared was 6.0 sen per share (after adjusting for the Share Split), amounting to approximately RM67,943,387 in respect of the financial year ending 31 December 2015.

B11 – Auditors' Reports

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

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

Pursuant to Section 174(3) of the Companies Act 1965, the Group's auditor also reported that the auditors' reports of certain subsidiaries have included an emphasis of matter regarding the ability of these subsidiaries to continue as a going-concern in view of their capital deficiency position as at the end of the reporting period. The financial statements of these subsidiaries have been prepared on a going-concern basis as the Company has undertaken to provide continued financial support to these subsidiaries.

In addition, the subsidiary auditor of a subsidiary, Puresino (Guanghan) Water Co Ltd has also included an emphasis of matter on the going concern basis used in the preparation of the financial statements which is dependent on the resolution of the disputes between the shareholders of the subsidiary.

B12 – 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 period, 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.

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 30 Sep 2015 RM'000	Preceding Quarter Ended 30 Jun 2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised profits	669,858	686,742
- Unrealised profits	23,751	18,048
	693,608	704,790
Total share of retained earnings from associate:		
- Realised profits	5,021	4,751

	Current Quarter Ended 30 Sep 2015 RM'000		Preceding Quarter Ended 30 Jun 2015 RM'000
Total share of retained earnings from joint venture:			
- Realised loss	(2,355)		(2,156)
Total Group's retained earnings	696,275		707,385

B13 – Available-for-Sale Financial Assets and Deposits, Bank and Cash Balances

As at the end of the financial period, included in the available-for-sale financial assets and deposits, bank and cash balances totalling RM248.6 million are:-

(a) RM33.7 million held as securities for banking facilities secured by the Group;

(b) RM68.4 million held in subsidiaries operating in the People's Republic of China which are subject to exchange control restrictions of that country. The restrictions will only apply if the monies are to be remitted outside the country; and

(c) RM100.1 million held in a subsidiary that is subject to restrictions imposed under an IMTN program.

B14 - Retrospective Adjustment from Share Split

For the avoidance of doubt, Notes B6 and B10 on Dividends, the computation of net asset per share in the Condensed Statement of Financial Position and the computation of EPS in the Condensed Statement of Comprehensive Income as disclosed in pages 1 and 3 of this Interim Financial Report respectively, have been adjusted in this interim financial statements to be comparable to the adjustment of the Company's share price arising from the Share Split referred to in Note B6(b)(i). Other than these, all references to the Company's shares are at RM0.50 par value, which is before the Share Split.

B15 – 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
26 November 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