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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 JUNE 2017 (UNAUDITED)

CONTENTS

This Report is authorised by the Board for public release on 16 August 2017

CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	30 Jun 2017 RM'000	31 Dec 2016 RM'000 (Audited)
ASSETS			
Property, plant and equipment		17,881	21,050
Investment properties		243	247
Intangible assets		1,141,506	1,155,333
Investment in joint venture		67,190	67,655
Investment in associates	A3(a)	238,815	251,854
Other investment		240	240
Goodwill on consolidation		129,385	129,385
Deferred tax assets		37,086	31,906
Long-term trade receivable	A1(c)	339,590	277,470
Deposits, cash and bank balances	B13	32,440	154,123
Total Non-Current Assets		**2,004,376**	**2,089,263**
Inventories		1,739	1,488
Amount due from contract customers		22,958	13,101
Trade receivables	A1(c)	131,867	152,783
Other receivables, deposits and prepayments		9,345	21,342
Tax recoverable		1,683	1,466
Available-for-sale financial assets	B13	90,073	63,020
Deposits, cash and bank balances	B13	134,699	113,576
Total Current Assets		**392,364**	**366,776**
TOTAL ASSETS		**2,396,740**	**2,456,039**
EQUITY AND LIABILITIES			
Share capital		438,561	241,898
Reserves		647,003	879,074
Total Equity Attributable to Owners of the Company		**1,085,564**	**1,120,972**
Non-controlling interests		278,582	277,270
Total Equity		**1,364,146**	**1,398,242**
LIABILITIES			
Long-term borrowings	B7	416,454	416,185
Deferred tax liabilities		238,866	238,866
Long-term trade payables		9,133	7,250
Deferred income		156,294	156,294
Provision for heavy repairs		19,126	16,720
Total Non-Current Liabilities		**839,873**	**835,315**
Trade payables		111,952	88,003
Amount due to contract customers		-	184
Other payables and accruals		41,728	45,361
Tax liabilities		2,581	2,081
Short-term borrowings	B7	3,882	70,213
Deferred income		8,388	16,640
Proposed dividends	A6(b)	24,190	-
Total Current Liabilities		**192,721**	**222,482**
TOTAL LIABILITIES		**1,032,594**	**1,057,797**
TOTAL EQUITY AND LIABILITIES		**2,396,740**	**2,456,039**
Net assets per share attributable to owners of the Company (RM)		**0.8975**	**0.9269**

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months Ended 30 Jun 2017 RM'000	3 Months Ended 30 Jun 2016 RM'000	6 Months Ended 30 Jun 2017 RM'000	6 Months Ended 30 Jun 2016 RM'000
Continuing operations					
Revenue	B1	**91,280**	**76,833**	**162,633**	**152,048**
Cost of operations		(70,413)	(50,062)	(126,633)	(102,529)
Gross profit		**20,867**	**26,771**	**36,000**	**49,519**
Other operating income		7,901	12,185	17,967	21,590
Administrative and other expenses		(13,980)	(14,250)	(25,692)	(25,722)
Operating profit		**14,788**	**24,706**	**28,275**	**45,387**
Finance costs		(6,010)	(5,531)	(11,987)	(10,761)
Share of results of joint venture		(212)	428	(465)	745
Share of results of associates		1,736	2,115	4,528	2,176
Profit before tax	B4	**10,302**	**21,718**	**20,351**	**37,547**
Income tax expense	B5	(2,526)	(4,448)	(4,621)	(7,653)
Profit for the financial period from continuing operations		**7,776**	**17,270**	**15,730**	**29,894**
Discontinued operations	B14				
Profit for the financial period from discontinued operations, net of tax		-	64,526	-	54,842
PROFIT FOR THE FINANCIAL PERIOD		**7,776**	**81,796**	**15,730**	**84,736**
Other comprehensive income/(loss):					
Net fair value gain/(loss) on available-for-sale financial assets		190	(56)	514	153
Currency translation differences of foreign operations		-	4,006	-	(13,568)
Currency translation differences - transfer to profit or loss upon disposal of foreign operations		-	(46,176)	-	(46,176)
Total other comprehensive income/(loss) for the financial period		**190**	**(42,226)**	**514**	**(59,591)**
Total comprehensive income for the financial period		**7,966**	**39,570**	**16,244**	**25,145**

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

	Note	3 Months Ended 30 Jun 2017 RM'000	3 Months Ended 30 Jun 2016 RM'000	6 Months Ended 30 Jun 2017 RM'000	6 Months Ended 30 Jun 2016 RM'000
Profit for the financial period attributable to:					
Owners of the Company		5,995	76,188	12,678	75,962
Non-controlling interests		1,781	5,608	3,052	8,774
		7,776	**81,796**	**15,730**	**84,736**
Total comprehensive income for the financial period attributable to:					
Owners of the Company		6,098	36,521	12,972	19,746
Non-controlling interests		1,868	3,049	3,272	5,399
		7,966	**39,570**	**16,244**	**25,145**
Earnings per share attributable to owners of the Company (sen per share):	B9				
Basic					
- From continuing operations		0.50	1.19	1.05	1.97
- From discontinued operations		-	5.11	-	4.31
Total		0.50	6.30	1.05	6.28
Diluted					
- From continuing operations		0.50	1.19	1.05	1.97
- From discontinued operations		-	5.11	-	4.31
Total		0.50	6.30	1.05	6.28

The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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	Available-for-sale reserve	Merger deficit	Retained earnings	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As of 1 January 2017	**241,898**	**196,663**	**(66)**	**(71,500)**	**753,977**	**1,120,972**	**277,270**	**1,398,242**
Available-for-sale financial assets	-	-	294	-	-	294	220	514
Total other comprehensive income for the financial period	-	-	294	-	-	294	220	514
Profit for the financial period	-	-	-	-	12,678	12,678	3,052	15,730
Total comprehensive income for the financial period	-	-	294	-	12,678	12,972	3,272	16,244
Transactions with owners of the Company:								
Dividends paid *(Note A6(a))*	-	-	-	-	(24,190)	(24,190)	-	(24,190)
Proposed dividends *(Note A6(b))*	-	-	-	-	(24,190)	(24,190)	-	(24,190)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	-	-	(1,960)	(1,960)
Transition to no-par value regime*	196,663	(196,663)	-	-	-	-	-	-
Total transactions with owners of the Company	196,663	(196,663)	-	-	(48,380)	(48,380)	(1,960)	(50,340)
As of 30 June 2017	**438,561**	**-**	**228**	**(71,500)**	**718,275**	**1,085,564**	**278,582**	**1,364,146**

* *Effective from 31 January 2017, the new Companies Act 2016 ('the Act') abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium account of RM196,663,333 becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.*

CONDENSED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital RM'000	Share premium 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 interests RM'000	Total Equity RM'000
As of 1 January 2016	**241,898**	**196,663**	**56,397**	**(164)**	**(71,500)**	**723,308**	**1,146,602**	**286,553**	**1,433,155**
Available-for-sale financial assets	-	-	-	181	-	-	181	(28)	153
Currency translation differences	-	-	(12,936)	-	-	-	(12,936)	(632)	(13,568)
Currency translation differences – transfer to profit or loss upon disposal of foreign operations	-	-	(43,461)	-	-	-	(43,461)	(2,715)	(46,176)
Total other comprehensive (loss)/income for the financial period	-	-	(56,397)	181	-	-	(56,216)	(3,375)	(59,591)
Profit for the financial period	-	-	-	-	-	75,962	75,962	8,774	84,736
Total comprehensive (loss)/income for the financial period	-	-	(56,397)	181	-	75,962	19,746	5,399	25,145
Transactions with owners of the Company:									
Dividends paid (Note A6)	-	-	-	-	-	(48,380)	(48,380)	-	(48,380)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	-	-	-	(4,410)	(4,410)
De-recognition on disposal of subsidiaries	-	-	-	-	-	-	-	(7,423)	(7,423)
Total transactions with owners of the Company	-	-	-	-	-	(48,380)	(48,380)	(11,833)	(60,213)
As of 30 June 2016	**241,898**	**196,663**	**-**	**17**	**(71,500)**	**750,890**	**1,117,968**	**280,119**	**1,398,087**

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying significant events and transactions attached to these interim financial statements.

CONDENSED STATEMENTS OF CASH FLOWS

	6 Months Ended 30 Jun 2017 RM'000	6 Months Ended 30 Jun 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	20,351	92,901
Adjustments for:		
Non-cash items	36,691	(39,881)
Interest income	(2,039)	(1,876)
Finance costs	11,986	19,608
Operating Profit Before Working Capital Changes	66,989	70,752
Net increase in inventories, amount due from contract customers, trade and other receivables	(77,119)	(48,884)
Net increase/(decrease) in amount due to contract customers, trade and other payables	21,828	(13,330)
Cash Used In Operations	11,698	8,538
Income tax paid	(9,739)	(8,950)
Income tax refunded	221	-
Net Cash From/(Used In) Operating Activities	**2,180**	**(412)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,961	1,853
Property, plant and equipment:		
- proceeds from disposal	266	46
- purchase	(815)	(1,544)
Purchase of intangible assets	-	(1,404)
Net cash inflow on disposal of subsidiaries	-	152,229
Investment in associate	-	(245,860)
Dividend income from associates	15,180	408
Compensation received *(Note A3(a))*	17,087	-
Available-for-sale financial assets:		
- purchase	(51,000)	(73,163)
- proceeds from redemption	25,087	257,294
Withdrawal/(Placement) of deposits pledged as security	121,683	(103,765)
Decrease in proceeds deposited in designated bank accounts	-	10,162
Net Cash From/(Used In) Investing Activities	**129,449**	**(3,744)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(12,274)	(16,693)
Repayment of bank borrowings *(Note A3(b))*	(70,000)	(4,311)
Drawdown of bank borrowings	-	89,608
Dividends paid by a subsidiary to non-controlling interest	(1,960)	(4,410)
Repayment of finance lease payables	(137)	(176)
Dividends paid *(Note A6(a))*	(24,190)	(24,190)
Net Cash (Used In)/From Financing Activities	**(108,561)**	**39,828**

CONDENSED STATEMENTS OF CASH FLOWS

	6 Months Ended 30 Jun 2017 RM'000	6 Months Ended 30 Jun 2016 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,068	35,672
Effects of foreign exchange rate changes	(5,749)	(4,029)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL PERIOD	113,576	157,939
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL PERIOD	**130,895**	**189,582**

Cash and cash equivalents comprised the following amounts in the statements of financial position:		
Deposits with licensed banks	140,054	317,602
Cash and bank balances	27,085	17,126
Total deposits, cash and bank balances	167,139	334,728
Less: Deposits pledged as security	(32,440)	(140,646)
Less: Overdrafts	(3,804)	(4,500)
	130,895	**189,582**

The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2016. 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:-

Adoption of new and revised Malaysian Financial Reporting Standards (MFRSs)

In the current financial period, the Group adopted all the new and revised MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board that are effective for annual financial periods beginning on or after 1 January 2017.

MFRSs, Amendments to MFRSs

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014-2016 Cycle	

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

Standards in issue but not yet effective

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

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 16	Leases
Amendments to MFRS 2	Clarification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Clarification to MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014-2016 Cycle	

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

A1 – Basis of Preparation (continued)

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

Foreign currency	30 Jun 2017 RM	31 Mar 2017 RM	30 Jun 2016 RM
1 US Dollar (USD)	4.29	4.42	4.03
1 Singapore Dollar (SGD)	-	-	2.99
100 Hong Kong Dollars (HKD)	-	-	51.96
100 Chinese Renminbi (RMB)	-	-	60.66

Source: Bank Negara Malaysia's website at http://www.bnm.gov.my/index.php?ch=statistic&pg=stats_exchangerates

(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 judgments, estimates and assumptions were made to the classification and carrying amount of a trade receivable in Sungai Harmoni Sdn Bhd ("SHSB"), a wholly owned subsidiary of the Company, as follows:-

(i) In 2014, the Selangor state and Federal governments executed a heads of agreement for Pengurusan Air Selangor Sdn Bhd ("Air Selangor"), a special purpose vehicle created by the Selangor state government, to take over the water supply services in Selangor, Kuala Lumpur and Putrajaya ("Supply Area") by acquiring all the concessionaires ("Water Restructuring") namely, Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH"), the concessionaire for the Sungai Selangor Water Supply Scheme Phase 1 and 3, Puncak Niaga (M) Sdn Bhd, the concessionaire for the Sungai Selangor Water Supply Scheme Phase 2, Syarikat Bekalan Air Selangor Sdn Bhd ("SYABAS"), the concessionaire for the distribution of treated water in the Supply Area and Titisan Modal (M) Sdn Bhd, the holding company of Konsortium ABASS Sdn Bhd ("ABASS"). ABASS operates and maintains the Sungai Semenyih Water Supply Scheme.

(ii) The Selangor state government, through Air Selangor, completed the acquisitions of Puncak Niaga (M) Sdn Bhd and SYABAS in October 2015 and Titisan Modal (M) Sdn Bhd in January 2016. However, the proposed take-over of SPLASH did not proceed due to pricing disagreements. SPLASH has been given a one-year grace period until 7 October 2016 to re-negotiate terms with the Selangor state government but there were subsequent extentions given until October 2017. Pending the acquisition of SPLASH by Air Selangor, SYABAS has not been making full monthly payments to SPLASH and SPLASH in turn is unable to make full monthly payments to SHSB resulting in the gross invoiced amount from SPLASH to SHSB as of 30 June 2017 to be RM559.255 million (31.3.2017 : RM531.112 million), an increase of RM28.143 million ("Amount Due from SPLASH").

(iii) In July 2016, the quantum of payments from SPLASH had been reduced from about 60% of the monthly billings to approximately 34% with no indication that the quantum will be increased or decreased in the future. The Group has had discussions with the Selangor Economic Planning Unit and Air Selangor to reach a possible settlement on the Amount Due from SPLASH. Whilst several settlement terms have been discussed, no final terms have been concluded.

A1 – Basis of Preparation (continued)

(c) Critical Accounting Judgment and Key Sources of Estimation Uncertainty (cont'd)

(iv) In assessing the timing of repayment of Amount Due from SPLASH, the Board has taken the probability-weighted average approach on three (3) different scenarios, using the repayment terms as parameters to determine the provision for discounting on a deferred payment consideration. Under this approach, the Board has set out the scenarios and placed an equal probability of one-third to each of the scenario. These scenarios are based on the Board's assumptions as to future events which the Board expect to take place as of the time the assumptions were made but the actual outcome could differ from the scenarios taken.

The three assumptions used in the timing of collection to determine the provision for discounting on the Amount Due from SPLASH are as follows:-

Scenario	Assumption	Basis/Reason
A	The Board assumes that pending the completion of acquisition of SPLASH by Air Selangor, the quantum of payment from SPLASH would remain at approximately 34%.	This is the current payment pattern by SPLASH since July 2016. However, under this scenario, the amount of payment by SPLASH is not sufficient to sustain the business operations of SHSB.
B	The Board assumes that pending the completion of acquisition of SPLASH by Air Selangor, the quantum of payment from SPLASH would be increased to approximately 60%.	This was the payment pattern by SPLASH prior to July 2016. This is the minimum amount of payment required to sustain the business operations of SHSB.
C	The Board assumes that the acquisition of SPLASH by Air Selangor would be completed, but the Amount Due from SPLASH would be settled over several instalments.	This is based on a precedent debt settlement scheme undertaken in 2005 by SHSB and SPLASH.

Arising from the above assumptions, a net impact of RM10,887,000 (30.6.2016: RM7,028,000) provision for discounting on the Amount Due from SPLASH has been made in the current quarter, comprising:

(a) a provision for discounting on a deferred payment consideration of RM16,762,000 (30.6.2016: RM14,423,000) which was set-off against revenue; and

(b) a reversal of discounting of receivables amounting to RM5,875,000 (30.6.2016: RM7,395,000) recognised as other operating income.

(v) As at the end of the financial period, the total accumulated provision for discounting of receivables made was approximately RM147.298 million (30.6.2016: RM92.519 million). Assuming that subsequent to the financial period, the Amount Due from SPLASH can be addressed pursuant to the conclusion of the Water Restructuring, the Group will potentially recognise back to the Income Statement the accumulated provision for discounting of receivables on the assumption that the Amount Due from SPLASH is paid in full, without any deductions and not deferred over a period.

A1 – Basis of Preparation (continued)

(c) Critical Accounting Judgment and Key Sources of Estimation Uncertainty (cont'd)

(vi) It should be noted that the above critical judgment, estimate and assumption requires to be re-assessed from time to time in light of developments in the Water Restructuring as it may have a significant impact to amounts recognised in the financial statements. In this respect, the Board will re-assess its position before the release of the next interim financial statements after taking into account of these developments, if any.

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) The Company received a compensation amounting to RM17,087,000 from LGB Holdings Sdn Bhd as disclosed in Note 47 of the Audited Financial Statements - Subsequent Events. The Compensation received has been recognised as a reduction to the carrying amount of investment in associate in these interim financial statements.

The table below provide summaried financial information for the associate - SWM Environment Holdings Sdn. Bhd. ("SWMH") to the Group. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with MFRS, adjusted by the Group for equity accounting purposes.

Summaried statement of financial position as at 30 June 2017	SWMH RM'000
Non-current assets	3,571,522
Current assets	797,062
Current liabilities	(260,254)
Non-current liabilities	(1,908,017)
Non-controlling interest	(1,499,340)
Net Assets	700,973

Reconciliation of the above summaried financial information to the carrying amount of the interest in SWMH recognised in the financial statements of the Group is as follows:

Net assets of SWMH	700,973
Proportion of the Group's ownership interest in SWMH	35%
	245,337
Adjustment for stamp duties	735
Adjustment for compensation	(17,087)
Carrying amount of the investment in SWMH	228,985

(b) On 17 May 2016, the Company had drawndown RM80 million from a revolving credit facility of RM100 million to part finance the SWM Acquisition (referred to in Note 46 of the Audited Financial Statements - Significant Events) pending the conversion of the USD proceeds from the Disposal of Foreign Operations to the local currency. The revolving credit was to be subsequently repaid from the proceeds from the said disposal. In the current quarter, the outstanding balance of the revolving credit amounting to RM70 million has been fully settled by the Group from part conversion of the USD proceeds.

A4 – Accounting Estimates

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

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

(a) During the current quarter and financial period, there was no issuance, repurchase and repayment of debt and equity securities by the Company.

(b) As at the end of the financial period, the Company has 241,897,740 outstanding Warrants 2015/2018 ("Warrants") at an exercise price of RM1.70 per share. The Warrants, if not exercised, will expire on 11 November 2018.

A6 – Dividends Paid

(a) On 16 February 2017, the Board declared a fourth interim single-tier dividend of 2.0 sen per share on 1,209,489,000 ordinary shares, amounting to approximately RM24,189,780 in respect of the financial year ended 31 December 2016. The dividends were subsequently paid on 31 March 2017.

(b) On 22 May 2017, the Board declared a first interim single-tier dividend of 2.0 sen per share on 1,209,489,000 ordinary shares, amounting to approximately RM24,189,780 in respect of the financial year ending 31 December 2017. The dividends were subsequently paid on 14 July 2017.

The total dividends paid to shareholders during the financial period amounted to RM48,379,560 (2016:RM48,379,558).

A7 – Material Subsequent Events

There were no material events subsequent to the end of the interim period that have not been reflected in these interim financial statements.

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.

A9 – Other Significant Events and Transactions

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

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 makers.

	Water		Waste management		Construction		Toll highway		Others		Total		Reconciliation		Amount as per Statement of comprehensive income	
3 months ended 30 Jun	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000 Restated (*Note 4*)	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income Statement																
Revenue	57,442	58,352	74,550	38,636	28,642	12,186	14,991	14,765	1,367	-	176,992	123,939	(85,712)	(47,106)	91,280	76,833
Operating profit	21,679	24,203	25,346	13,200	823	963	6,110	7,453	(6,708)	(4,498)	47,250	41,321	(32,462)	(16,615)	14,788	24,706
Profit/(Loss) before tax	21,621	24,202	18,363	10,867	819	957	2,447	3,800	(7,419)	(4,800)	35,831	35,026	(25,529)	(13,308)	10,302	21,718
Profit/(Loss) after tax	19,277	20,135	14,073	8,630	681	603	2,019	3,329	(7,419)	(4,800)	28,631	27,897	(20,855)	(10,627)	7,776	17,270
Other Financial Information																
Depreciation and amortisation	(240)	(228)	(8,499)	(4,283)	(94)	(129)	(5,787)	(3,476)	(455)	(707)	(15,075)	(8,823)	6,210	2,939	(8,865)	(5,884)
EBITDA	21,918	24,431	33,844	17,483	917	1,091	11,896	10,929	(6,253)	(3,792)	62,322	50,142	(38,669)	(19,552)	23,653	30,590
EBDA	19,517	20,363	22,572	12,913	776	731	7,805	6,804	(6,964)	(4,094)	43,706	36,717	(27,065)	(13,563)	16,641	23,154
CAPEX	19	382	338	189	6	8	317	139	-	272	680	990				

A10 - Operating Segments (continued)

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

Notes

1. *The Group monitors the performance of its business by four main business divisions namely water, waste management, construction and toll highway. Others refer to holding company and other non core businesses.*

2. *The revenue and profit performance represent the Group's proportionate share of interest in each of the subsidiaries (instead of full consolidation) and includes a proportionate share of the interest of joint ventures or associates (instead of being equity accounted). The total is then reconciled to the revenue and profit performance in the Statements of Profit or Loss and Other Comprehensive Income. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.*

3. *The segmental information on the water division excludes the provision for discounting on a deferred payment consideration and a reversal of discounting of receivables as disclosed in Note A1(c)(iv) above. This is to better assess the operational performance of the division without the impact from the discounting.*

4. *In the current financial period, the segmental information on the waste management division excludes the fair value measurement adjustments made at the Group level. This is to better assess the operational performance of the division. The segmental results (including the calculation of the EBITDA and EBDA) are solely from the concession business, before proportionate deduction of the dividend on the cumulative preferences shares held by parties other than the Group. Accordingly, the comparatives have been restated to conform to current year's presentation. The comparatives represent the results of SWMH from 17 May 2016 (the date of completion of SWMH Acquisition) to the end of the financial period ended 30 June 2016.*

	Water		Waste management		Construction		Toll highway		Others		Total	
As at 30 Jun	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	520,138	445,099	228,986	247,505	61,196	34,448	1,483,534	1,516,805	102,886	249,779	2,396,740	2,493,636
Segment liabilities	(104,040)	(72,863)	-	-	(45,340)	(29,449)	(849,241)	(877,827)	(33,973)	(115,410)	(1,032,594)	(1,095,549)
Net segment assets	**416,098**	**372,236**	**228,986**	**247,505**	**15,856**	**4,999**	**634,293**	**638,978**	**68,913**	**134,369**	**1,364,146**	**1,398,087**

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

B1 – Overall Review of Group's Financial Performance

Part A – Review of Statement of Financial Position

As at end of the financial period, the carrying amount of investment in associates was lower at RM238.8 million compared to RM251.9 million mainly attributable to the receipt of a compensation as mentioned in Note A3(a).

The high trade receivables particularly the amount owning by SPLASH continues to be a major concern as it has long been outstanding due to the uncertainties in the Selangor water restructuring exercise. Other receivables, deposits and prepayments saw a marked reduction mainly due to the receipt of dividend payments from SWMH which was declared in the previous financial year.

The Group's short term borrowings was trimmed to RM3.9 million from RM70.2 million mainly due to the full repayment of the revolving credit facility during the financial period. On the other hand, trade payables increased from RM88.0 million to RM112.0 million mainly due to the increase in trade payables in the construction division as well as in SHSB, owing to the partial payments received from SPLASH which limits the ability of SHSB in paying its creditors in full.

Available-for-sale financial assets and deposits, bank and cash balances totalled RM257.0 million, down from RM330.8 million six months ago, principally from repayment of revolving credit facility, dividends, interest payments and working capital requirements, which was off-set by the receipt of dividends and compensation from SWMH.

Part B – Review of Income Statement

Revenue

	3 Months Ended 30 Jun 2017 RM'000	3 Months Ended 30 Jun 2016 RM'000	6 Months Ended 30 Jun 2017 RM'000	6 Months Ended 30 Jun 2016 RM'000
Water	57,442	58,351	115,315	114,843
Construction	28,030	12,186	39,915	27,753
Toll highway	21,203	20,719	42,009	41,165
Others	1,367	-	2,683	-
	108,042	91,256	199,922	183,761
Less: Provision for discounting on a deferred payment consideration	(16,762)	(14,423)	(37,289)	(31,713)
Total revenue	**91,280**	**76,833**	**162,633**	**152,048**

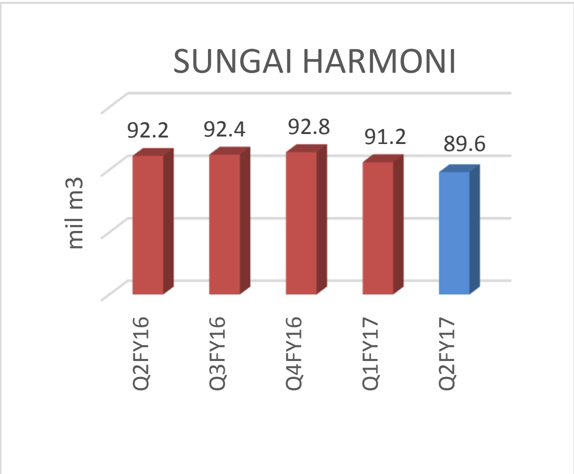
B1 – Overall Review of Group's Financial Performance (continued)

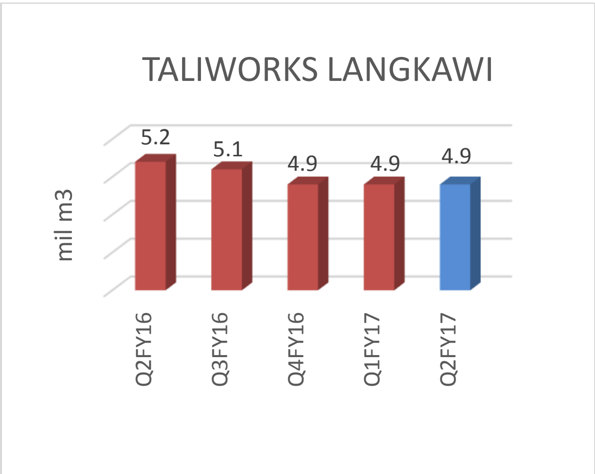
Part B – Review of Income Statement (continued)

Profit Before Tax

	3 Months Ended 30 Jun 2017 RM'000	3 Months Ended 30 Jun 2016 RM'000	6 Months Ended 30 Jun 2017 RM'000	6 Months Ended 30 Jun 2016 RM'000
Water	10,792	17,174	20,387	29,831
Construction	1,043	958	776	1,256
Toll highway	9,659	11,076	18,198	22,954
Others	(6,706)	(4,502)	(11,086)	(8,654)
Operating profit	**14,788**	**24,706**	**28,275**	**45,387**
Finance cost	(6,010)	(5,531)	(11,987)	(10,761)
Share of results of joint venture	(212)	428	(465)	745
Share of results of associates	1,736	2,115	4,528	2,176
Profit before tax for the period	**10,302**	**21,718**	**20,351**	**37,547**

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

Before the impact from provision for discounting, the Group's revenue recorded a substantial increase from RM91.3 million to RM108.0 million in the current quarter mainly due to higher contribution from the construction business. However, after taking into account the impact from the provision for discounting, the Group revenue reduced to RM91.3 million. Nevertheless, it was still higher than RM76.8 million achieved a year ago.

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

Part B – Review of Income Statement (continued)

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

Excluding the effects of discounting, the Group's profit before tax ("PBT") registered a sharp decline of about RM7.6 million to RM21.1 million compared to RM28.7 million in the corresponding quarter primarily due to higher amortisation expenses arising from the change in the method of amortisation of Highway Development Expenditure ("HDE") in the fourth quarter of last year; higher operating costs in both the water treatment plants; and realised loss on foreign exchange arising from the conversion of USD proceeds as mentioned in Note A3(b).

Water

Revenue from the water segment for the current quarter registered a decrease of 1.6%. In Sungai Selangor Water Treatment Works Phase I ("SSP1"), metered sales decreased by 2.7% (i.e. from 92.2 million m3 (or 1,024 million litres per day ("MLD")) to 89.6 million m3 (or 996 MLD). In Langkawi operations, metered sales decreased by 5.5% i.e. from 5.2 million m3 to 4.9 million m3. The decrease in metered sales was due to lower demand from consumers and higher non-revenue water recorded.

In line with decrease in revenue, the operating profit (excluding the effects of discounting) was also lower at RM21.7 million compared to RM24.2 million achieved a year ago on account of higher operating costs incurred in both the water treatment operations during the current quarter primarily arising from higher chemicals, rehabilitation and maintenance costs incurred as well as higher unit electricity costs due to increase in TNB's Special Industrial Tariff commencing January 2017.

Construction

The construction revenue increased significantly by RM15.8 million to RM28.0 million compared to RM12.2 million achieved a year ago, mainly attributable to the upward revision in the contract sum in the Mengkuang Dam Expansion Project which was completed in the current quarter but pending finalisation of accounts. In addition, the higher revenue was also contributed from two (2) on-going projects, namely Ganchong-Package 3A Project and New Access to New North Klang Straits Bypass ("NNKSB") (Jalan Haji Sirat) Project, both of which were secured in September of last year.

Despite the higher revenue, the operating profit was almost similar to the corresponding quarter as the estimated construction costs from the said Mengkuang Dam Expansion Project was also revised upwards but with no significant improvement in margins.

The other project undertaken by the Group namely the proposed development of Langat 2 water treatment plant and water reticulation system in Selangor and Wilayah Persekutuan Kuala Lumpur ("Langat 2 - Package 7 Balancing Reservoir Project") is at the initial stage of site clearing and earth works.

Currently, the Group is in discussion with a client on a Variation of Pricing ("VOP") amounting to a maximun of RM5.6 million which can potentially be recognised in the subsequent quarters.

Toll highway - Subsidiary

The revenue contribution from Grand Saga Sdn. Bhd; the operator of the Cheras-Kajang highway, was higher by RM0.5 mllion at RM21.2 million compared to RM20.7 million achieved in the corresponding quarter due to the higher Average Daily Traffic ("ADT") by 3.5% i.e. 140,860 vehicles per day compared to 136,062 vehicles per day mainly due to the declining effect of the increase in toll rates in October 2015. Nevertheless, the company recorded a drop in operating profit due to higher amortisation expenses arising from the change in the method of amortisation of HDE in the fourth quarter of last year, despite lower operating and maintenance costs.

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

<u>Part B – Review of Income Statement (continued)</u>

(a) <u>Current Quarter vs. Preceding Year's Corresponding Quarter (continued)</u>

<u>Toll highway – Joint venture</u>

The Group's share of results in Grand Sepadu (NK) Sdn. Bhd; the operator of the New North Klang Straits Bypass Expressway, was lower compared to the corresponding quarter due to higher amortisation expenses arising from change in method of amortisation of HDE in the fourth quarter of last year. In terms of overall ADT, there was a decrease by 3.5% to 86,881 vehicles per day from 90,001 vehicles per day. The reduction in the overall ADT arose from decrease in ADT at the Bukit Raja toll plaza which constitutes approximately 70% of the overall traffic along the highway. The decline in ADT at the Bukit Raja toll plaza can be attributed to the New Klang Valley Expressway's Setia Alam Interchange which connects Kuala Lumpur city to Meru/Kapar area enabling commuters to bypass the Bukit Raja toll plaza. Excluding this toll plaza, the collective ADTs of the other three toll plazas increased by 5.1% compared to the corresponding quarter.

<u>Waste management – Associate</u>

The Group's share of results in associates was mainly contributed by SWMH. The Group's share of results from SWMH was lower at RM1.2 million compared to corresponding quarter (which was equity accounted by the Group with effect from 17 May 2016) of RM1.8 million due to higher financing costs of its banking facility.

(b) <u>Current Year-to-date vs. Preceeding Year-to-date</u>

<u>Overall Summary</u>

For the current financial period, the Group revenue (excluding the impact from discounting) increased from RM183.8 million to RM199.9 million mainly attributable to higher contributions from the construction business. However, after taking into account the impact from the provision for discounting, the Group revenue was lower at RM162.6 million. Nevertheless, it was still higher than RM152.0 million achieved in the corresponding period.

Excluding the provision for discounting on receivables, the Group registered a significantly lower PBT at RM43.5 million compared to RM55.4 million in the corresponding period. The decrease was mainly attributable to higher amortisation expenses in the toll division; higher operating costs in both the water treatment operations; and loss on foreign exchange amounting to RM5.7 million recognised in the current quarter compared to a gain on foreign exchange of RM1.3 million in the corresponding period due to the depreciation of the USD against the MYR.

<u>Water treatment, supply and distribution</u>

At the operating level, revenue from water treatment, supply and distribution business (excluding the impact from discounting) recorded a slight increase from RM114.8 million to RM115.3 million in the previous year. Metered sales in SSP1was marginally lower by 0.2% (i.e. from 181.2 million m3 (or 1,001 MLD to 180.8 million m3 (or 999 MLD) whereas in the Langkawi operations, metered sales was lower by 4.8% i.e. from 10.32 million m3 to 9.82 million m3. Despite the lower metered sales in both water treatment operations, the segment still managed to record higher revenue on account of higher electricity and chemical rebates which was passed through from the higher electricity and chemical costs.

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

Part B – Review of Income Statement (continued)

(b) Current Year-to-date vs. Preceeding Year-to-date (continued)

The segment profit was lower by RM4.1 million at RM43.6 million (after stripping out the effects of discounting) on account of higher operating costs in both water treatment operations during the financial period primarily arising from higher checmical, rehabilitation and maintenance costs incurred as well as higher unit electricity costs due to increase in TNB's Special Industrial Tariff commencing Janauary 2017.

Construction

In the current financial period, the segment recorded a RM12.2 million increase in revenue from RM27.8 million to RM39.9 million due to upward revision in the contract sum with no improved margins for the Mengkuang Dam Expansion Project as abovementioned and higher contribution from other on-going projects. Despite the higher revenue, the profit contributed from this segment was lower on account of higher overhead costs incurred.

Toll operations-Subsidiary

The revenue contribution from Cheras-Kajang highway was marginally higher at RM42.0 million compared to RM41.2 million in the corresponding period with the ADT growing by 3.8% i.e. 140,227 vehicles per day compared to 135,044 vehicles per day achieved in the corresponding period. Nevertheless, the company recorded a drop in operating profit due to higher amortisation expenses arising from the change in the method of amortisation of HDE.

Toll operations -Share of results of joint venture

The Group's share of results in Grand Sepadu (NK) Sdn Bhd was lower compared to the corresponding period mainly arising from higher amortisation expenses. In terms of overall ADT, there was a decrease by 1.9% at 87,317 vehicles per day from 88,993 vehicles per day.

Waste management –Share of results of associate

Following the completion of the SWM Acquisition on 17 May 2016, the Group began to equity account the results of the SWMH. Arising therefrom, the share of results of associates was higher at RM4.5 million compared to RM2.2 million in the corresponding period.

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

Revenue

	3 Months Ended 30 Jun 2017 RM'000	3 Months Ended 31 Mar 2017 RM'000
Water	57,442	57,873
Construction	28,030	11,885
Toll highway	21,203	20,806
Others	1,367	1,316
	108,042	91,880
Less: Provision for discounting on a deferred payment consideration	(16,762)	(20,527)
Total revenue	**91,280**	**71,353**

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

Part B – Review of Income Statement (continued)

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

Profit Before Tax

Water	10,792	9,595
Construction	1,043	(267)
Toll highway	9,659	8,539
Others	(6,706)	(4,380)
Operating profit	**14,788**	**13,487**
Finance cost	(6,010)	(5,977)
Share of results of joint venture	(212)	(253)
Share of results of associate	1,736	2,792
Profit before tax for the period	**10,302**	**10,049**

The Group recorded an increase in revenue from RM91.9 million to RM108.0 million (excluding the impact from discounting) primarily from construction segment due to upward revision in the contract sum for Mengkuang Dam Expansion Project, coupled with revenue recognised from other on-going projects. After taking into account the impact from the provision for discounting, the Group revenue was lower at RM91.3 million but was still higher than RM71.4 million achieved in the previous quarter.

The Group's PBT (after stripping out the effects of discounting) registered a slight decrease of RM1.1 million to RM21.2 million compared to RM22.3 million in the previous quarter due to the following:-

(a) lower share of results from associates, mainly from SWMH on account of over-provision of prior year tax in the previous quarter; and

(b) a realised loss on foreign exchange amounting to RM4.1 million recognised in the current quarter arising from the conversion of the USD proceeds to settle the outstanding balance of revolving credit as mentioned in Note A3(b);

but off-set by better performance achieved in construction and toll divisions.

Part C – Review of Statement of Cash Flow

The cash and cash equivalents increased by RM23.1 during the financial period mainly due to withdrawal of deposits pledged as security of RM121.7 million and receipt of dividend income from SWMH and compensation *(Note A3(a))*, net of repayment of revolving credit amounting to RM70.0 million and payment first interim single-tier dividends to shareholders of RM24.2 million.

Net cash from Operating Activities for the six months was recorded at only RM2.2 million due to the continued partial payments of trade receivables from SPLASH.

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 the SSP1 operation, 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. The YTD average metered production stood at about 999 MLD compared to 1,001 MLD a year ago. It is anticipated that the Water Restucturing exercise can be concluded in the near term which will address the long outstanding issue on the repayment from SPLASH. 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 Mengkuang Dam Expansion Project in Pulau Pinang which commenced in 2011 has received the certificate of practical completion. The New Access to NNKSB (Jalan Haji Sirat) Project which commences work during the current quarter will be due to complete by fourth quarter of 2017. The other project in the pipeline is the Langat 2 - Package 7 Balancing Reservior Project which is currently at its initial stage of site clearing and earth works, is due to complete by first quarter of 2019. Currently, the Group has three on-going projects and the Group will continue to tender for more infrastructure projects to boost its order book.

In the toll highway division, the growth in ADT at both the Cheras-Kajang Highway and the New North Klang Straits Bypass Expressway is expected to be moderate. The commencement of the Kuala Lumpur to Kajang portion of the Klang Valley Mass Rapid Transit ("MRT") service on 17 July 2017, may see a decline in ADT at the the Cheras-Kajang Highway. However, it is envisaged that the impact of the MRT operations is likely to be temporary and over the long term, the MRT service would complement the Highway's growth by providing connectivity and aiding the development of new townships in surrounding areas.

In the waste management division, SWMH is expected to grow its revenue with the ever increasing solid waste generation as well as improving its operational efficiency to deal with the escalating costs in managing solid waste in the concession areas where is it currently serving.

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

B3 – Profit Forecasts or Profit Guarantees

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

B4 – Profit before tax

Included in the profit before tax are the following items:-

	Current Quarter 3 Months Ended 30 Jun 2017 RM'000	Year-to-date 6 Months Ended 30 Jun 2017 RM'000
Revenue		
Provision for discounting on receivables *(Note A1(c)(iv))*	(16,762)	(37,289)
Other operating income:		
Interest income on fixed deposits with licensed banks	1,059	2,039
Dividend from available-for-sale financial assets	348	618
Rental income	150	270
Reversal of discounting of receivables *(Note A1(c)(iv))*	5,875	14,107
Gain on redemption of available-for-sale financial assets	-	11
Realised gain on foreign exchange	(15)	-
Cost of operations, administrative and other expenses:		
Depreciation and amortisation	(8,865)	(17,586)
Imputed interest on borrowing	(137)	(272)
Loss on redemption of available-for-sale financial assets	-	(5)
Unrealised foreign exchange losses	463	(1,600)
Realised foreign exchange losses	(4,149)	(4,149)
Reversal of interest income imputed on retention sum	32	(474)

B4 – Profit before tax (continued)

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 Jun 2017 RM'000	Year-to-date 6 Months Ended 30 Jun 2017 RM'000
Malaysian income tax:		
-Current year tax	5,309	9,801
Deferred tax expense	(2,783)	(5,180)
Total income tax expense	2,526	4,621

The income tax expense is in respect of the estimated Malaysian income tax charges and deferred tax expenses. The effective tax rate of the Group varied from the statutory tax rate principally due to non deductibility of certain expenses and/or non taxability of certain income, as the case maybe, tax effect of share of profits 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 and Status of Utilisation of Proceeds Raised from Corporate Proposals

As at 9 August 2017 (being a date not earlier than 7 days from the date of this Interim Financial Report),

(a) there were no corporate proposals announced but not completed;

(b) the status of utilisation of proceeds raised from the Disposal of Foreign Operations was as follows:-

	Gross proceeds raised		Actual utilisation	Intended timeframe for utilisation
	USD'000	RM'000 Equivalent	RM'000	RM'000
Part finance the acquisition of SWMH /future investments/ working capital purposes/payment of dividends/ repayment of borrowings	53,432	228,633	191,755 (N1)	Within 24 months
Estimated expenses for the corporate proposals	1,168	5,000	5,000	Immediate
	54,600	233,633	196,755	

(N1) The Company has utilised approximately RM196.755 million (USD46.5 million) principally for repayment of revolving credit facilities (RM80.0 million), dividend payments (RM79.6 million), working capital requirements of the Group and expenses for the corporate proposals.

(N2) In the absence of any investments abroad, the remaining balance of the USD proceeds are expected to be converted to RM. Other than using the proceeds for future investments/working capital, the Board proposes to use the proceeds principally for payment of dividends.

B7 – Group Borrowings and Debt Securities

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

	←---------Short Term--------------→			←------------Long Term--------------→		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Finance lease liabilities	78	-	78	215	-	215
Bank overdraft	3,800	4	3,804	-	-	-
Islamic Medium Term Notes ("IMTN")	-	-	-	416,239	-	416,239
As at 30 June 2017	**3,878**	**4**	**3,882**	**416,454**	**-**	**416,454**
As at 31 Dec 2016	**70,213**	**-**	**70,213**	**416,185**	**-**	**416,185**

The significant reduction in the Group's borrowings as at the end of the financial period from the latest audited financial statements was mainly due to the repayment of outstanding balance of the revolving credit. The revolving credit facility imposes an interest rate of 4.27% per annum. The interest savings arising from the said repayment is approximately RM1.5 million compared to if the revolving credit facility was to be settled at the end of the financial year end.

B8 – Changes in Material Litigations

The Group does not have any material litigation as at the last annual statement of financial position and the Board is not aware of any material litigations affecting the Company or its subsidiary companies as at 9 August 2017 (being a date not earlier than 7 days from the date of this Interim Financial Report).

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 reporting date.

	Current Quarter		Year-to-date	
	3 Months Ended 30 Jun 2017	3 Months Ended 30 Jun 2016	6 Months Ended 30 Jun 2017	6 Months Ended 30 Jun 2016
Profit for the financial period attributable to owners of the Company (RM'000)	5,995	76,188	12,678	75,962
Profit for the financial period from discontinued operations used in the calculation of basic EPS from discontinued operations (RM'000)	-	61,772	-	52,181
Earnings used in the calculation of basic EPS from continued operations (RM'000)	5,995	14,416	12,678	23,781

	Current Quarter		Year-to-date	
	3 Months Ended 30 Jun 2017	3 Months Ended 30 Jun 2016	6 Months Ended 30 Jun 2017	6 Months Ended 30 Jun 2016
Weighted average number of ordinary shares in issue ('000)	1,209,489	1,209,489	1,209,489	1,209,489
Basic EPS/(loss) (sen)				
- From continuing operations	0.50	1.19	1.05	1.97
- From discontinued operations	-	5.11	-	4.31
Total Basic EPS (sen)	0.50	6.30	1.05	6.28

(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 Warrants.

The diluted earnings per share is the same as basic earnings per share calculated above as the Warrants were excluded from the calculation of the diluted earnings per share as they were anti-dilutive.

B10 – Dividends

The Board is pleased to declare a second interim single-tier dividend of 2.0 sen per share on 1,209,489,000 ordinary shares amounting to approximately RM24,189,780 in respect of the financial year ending 31 December 2017, to be payable on 22 September 2017.

For the financial year ending 31 December 2017, the Board has declared a total single-tier dividend of 4.0 sen per share to shareholders amounting to RM48,379,560 (2016: 4.0 sen per share amounting to RM48,379,558).

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 SPLASH.

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.

B12 – 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 30 Jun 2017 RM'000	Preceding Quarter Ended 31 Mar 2017 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised profits	630,847	653,748
- Unrealised gains	65,473	62,291
	696,320	716,039
Total share of retained earnings from associates:		
- Realised profits	21,939	20,202
Total share of retained earnings from joint venture:		
- Realised profit	16	229
Total Group's retained earnings	718,275	736,470

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

(a) As at the end of the financial period, included in the available-for-sale financial assets and deposits, bank and cash balances totalling RM257.0 million are approximately:-

(i) RM32.4 million held as securities for banking facilities secured by the Group, and

(ii) RM108.4 million held in a subsidiary that is subject to restrictions imposed under an IMTN program.

(b) Included in deposits, bank and cash balances held by the Group were the following:-

Foreign currency	30 Jun 2017	31 Mar 2017	30 Jun 2016
US Dollars ('000)	8,419	32,871	55,399

B14 – Discountinued Operations

On 25 February 2016, the Company entered into a Disposal SSA with LGB (Group) HK Limited for an aggregate cash consideration of USD54.6 million for the Disposal of Foreign Operations, as disclosed in Note 14 of the Audited Financial Statements - Discontinued Operations.

Upon completion of the Disposal SSA on 17 May 2016, Taliworks International Limited, Taliworks Sichuan Limited, SWM Technologies (Malaysia) Sdn Bhd and their subsidiaries ("Disposal Companies") ceased to be subsidiaries of the Company. Arising from the Disposal SSA, the Group recognised a profit from discontinued operations of RM64.526 million for the three months ended 30 June 2016 and RM54.842 million for the six months ended on that date.

B15 – Authorisation for Release

This Interim Financial Report has been reviewed by the Audit and Risk Management Committee and approved by the Board for public release.

By Order of the Board
Tan Bee Hwee (MAICSA 7021024)
Queck Wai Fong (MAICSA 7023051)
Company Secretaries
16 August 2017