

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 31 DECEMBER 2009 (UNAUDITED)

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SUMMARY OF KEY FINANCIAL INFORMATION

	<u>3 MONTHS ENDED</u>		<u>12 MONTHS ENDED</u>	
	<u>31 DEC</u>		<u>31 DEC</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
		(adjusted)		(audited)
	RM'000	RM'000	RM'000	RM'000
Revenue	44,731	22,200	158,917	226,406
EBITDA [i]	20,673	19,345	64,624	72,129
Operating profit	19,546	18,188	59,967	67,585
Profit before tax	14,648	14,404	51,404	59,360
Profit after tax	12,210	13,817	39,351	46,284
EPS (sen) - Basic	3.3	3.6	10.3	12.2
- Diluted	3.2	3.3	9.8	11.1
Gross DPS (sen)	4.0	3.25	6.0	6.25
EBITDA margin	46%	87%	41%	32%
Operating margin	44%	82%	38%	30%
Pre-tax margin [ii]	33%	65%	32%	26%
Net margin	27%	62%	25%	20%
ROE [iii]			11%	14%
ROA [iv]			6%	7%

	<u>31 DEC 2009</u>	<u>31 DEC 2008</u>
		(audited)
Net assets per share attributable to ordinary equity holders of the Company (RM)	1.00	0.93
Net cash per share (RM)	0.16	0.11
Gearing (times)	0.33	0.66

[i] EBITDA is defined as net profit for the period/year before finance costs, taxation, depreciation and amortisation costs (and excludes share of results of jointly-controlled entities and associates).

[ii] Group pre-tax includes share of after-tax results of jointly-controlled entities and associates. Kindly refer to Note A8-Segmental Reporting for a better appreciation of the pre-tax margins recorded by individual business segments.

[iii] Return on Equity (ROE) is calculated by dividing the net profit attributable to equity holders of the Company with the average of the opening and closing shareholders' equity and is tabulated for year-to-date results.

[iv] Return on Assets (ROA) is calculated by dividing the net profit attributable to equity holders of the Company with the average of the opening and closing total assets and is tabulated for year-to-date results.

This Summary of Key Financial Information is not required under FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and is disclosed on a voluntary basis.

CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>NOTE</u>	<u>3 MONTHS ENDED</u>		<u>12 MONTHS ENDED</u>	
		<u>31 DEC</u>		<u>31 DEC</u>	
		<u>2009</u> RM'000	<u>2008</u> RM'000 (adjusted)	<u>2009</u> RM'000	<u>2008</u> RM'000 (audited)
Revenue	A8	44,731	22,200	158,917	226,406
Operating expenses		(27,857)	(9,836)	(108,044)	(168,855)
Other operating income		2,672	5,824	9,094	10,034
Operating profit		19,546	18,188	59,967	67,585
Finance cost		(5,108)	(3,657)	(16,108)	(14,484)
Share of results of jointly controlled entity (net of tax)		224	(261)	6,915	5,690
Share of results of associates (net of tax)		(14)	134	630	569
Profit before tax	A8	14,648	14,404	51,404	59,360
Tax expense	B4	(2,438)	(587)	(12,053)	(13,076)
Profit for the financial quarter/year		12,210	13,817	39,351	46,284
Attributable to:					
Equity holders of the Company		12,312	13,400	38,919	45,757
Minority interest		(102)	417	432	527
Profit for the financial quarter/year		12,210	13,817	39,351	46,284
EPS (sen)	B11				
- Basic		3.3	3.6	10.3	12.2
- Diluted		3.2	3.3	9.8	11.1

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS

<u>NOTE</u>	31 DEC 2009 RM'000	31 DEC 2008 RM'000 (audited)
NON-CURRENT ASSETS		
Property, plant and equipment	25,276	28,136
Investment properties	434	444
Concession rights	15,110	16,286
Jointly controlled entity	68,443	61,528
Associates	4,267	24,214
Goodwill on consolidation	2,007	2,007
Deferred tax assets	215	172
Long term receivables	47,000	51,722
Deposits, bank and cash balances	12,479	14,201
	175,231	198,710
CURRENT ASSETS		
Inventories	1,017	1,286
Trade and other receivables	176,538	159,412
Amount due from a jointly controlled entity	29,150	38,500
Tax recoverable	6,876	4,712
Investments	142,401	205,714
Deposits, bank and cash balances	29,235	55,626
	385,217	465,250
LESS: CURRENT LIABILITIES		
Borrowings	122,407	1,539
Trade and other payables	54,429	71,893
Taxation	1,916	2,355
	178,752	75,787
NET CURRENT ASSETS	206,465	389,463
LESS: NON-CURRENT LIABILITIES		
Borrowings	23	231,091
	381,673	357,082
CAPITAL AND RESERVES		
Share capital	188,347	188,295
Reserves	187,484	163,336
Shareholders' equity	375,831	351,631
Minority interest	5,842	5,451
Total equity	381,673	357,082
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.9977	0.9337

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	<u>12 MONTHS</u> <u>ENDED</u> <u>31 DEC 2009</u> <u>RM'000</u>	<u>12 MONTHS</u> <u>ENDED</u> <u>31 DEC 2008</u> <u>RM'000</u> <u>(audited)</u>
OPERATING ACTIVITIES		
Profit before tax	51,404	59,360
Adjustments for:		
Non-cash items	(8,684)	(11,028)
Interest income	(743)	(1,286)
Finance cost	15,619	14,484
Operating profit before working capital changes	57,596	61,530
Changes in working capital:		
Net change in current assets	(13,102)	(50,209)
Net change in current liabilities	(17,252)	28,684
Amount due from jointly controlled entity	9,350	13,750
Net cash inflow from operations	36,592	53,755
Interest paid	(5,090)	(5,331)
Interest received	815	1,497
Tax paid	(14,699)	(16,957)
Net cash inflow from operating activities	17,618	32,964
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	74	48
Purchase of property, plant & equipment	(1,112)	(1,369)
Distribution received from an associate upon liquidation	21,538	-
Redemption of Investments, net of placements	69,364	(2,592)
Dividend received from Investments	33	1,619
Net cash inflow/(outflow) from investing activities	89,897	(2,294)
FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares pursuant to exercise of ESOS options and Warrants	132	1,869
Dividends paid	(14,831)	(26,439)
Repayment of borrowings	(1,569)	(3,063)
Purchase of convertible bonds	(119,360)	-
Decrease in deposit balances pledged as security	1,722	8,283
Net cash outflow from financing activities	(133,906)	(19,350)
Net change during the financial year	(26,391)	11,320
At beginning of financial year	55,626	44,306
At end of financial year	29,235	55,626
Cash and cash equivalents comprised the following balance sheet amounts:		
Deposits with financial institutions	25,647	59,482
Bank and cash balances	16,067	10,345
Total deposits, bank and cash balances	41,714	69,827
Less: Deposits pledged as security	(12,479)	(14,201)
	29,235	55,626

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to these interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Number of shares	Nominal value	Share premium	Warrant reserve	Share Option reserve	Currency Translation reserve	Merger deficit	Retained earnings	Shareholders' equity	Minority interest	Total Equity
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2009	376,590	188,295	22,059	6,492	2,139	1,434	(71,500)	202,712	351,631	5,451	357,082
Net profit for the financial year	-	-	-	-	-	-	-	38,919	38,919	432	39,351
Issue of ordinary shares pursuant to:-											
- exercise of warrants	104	52	80	-	-	-	-	-	132	-	132
Transfer to/(from) reserve upon exercise of warrants	-	-	10	(10)	-	-	-	-	-	-	-
Dividends paid (Note A7)	-	-	-	-	-	-	-	(14,831)	(14,831)	-	(14,831)
Currency translation differences	-	-	-	-	-	(20)	-	-	(20)	(41)	(61)
At 31 December 2009	376,694	188,347	22,149	6,482	2,139	1,414	(71,500)	226,800	375,831	5,842	381,673
At 1 January 2008	375,396	187,698	19,945	6,544	2,929	114	(71,500)	183,394	329,124	4,501	333,625
Net profit for the financial year	-	-	-	-	-	-	-	45,757	45,757	527	46,284
Issue of ordinary shares pursuant to:-											
- exercise of ESOS options	672	336	870	-	-	-	-	-	1,206	-	1,206
- exercise of warrants	522	261	402	-	-	-	-	-	663	-	663
Transfers to/(from) reserves upon exercise of ESOS options/warrants	-	-	842	(52)	(790)	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(26,439)	(26,439)	-	(26,439)
Currency translation differences	-	-	-	-	-	1,320	-	-	1,320	423	1,743
At 31 December 2008 (audited)	376,590	188,295	22,059	6,492	2,139	1,434	(71,500)	202,712	351,631	5,451	357,082

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to these interim financial statements.



**PART A – EXPLANATORY NOTES PURSUANT TO
FRS 134: INTERIM FINANCIAL REPORTING**

A1 – Basis of Preparation

- (a) The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“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 year ended 31 December 2008. The explanatory notes 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 most recent audited financial statements.

As at the date of this report, the Group has not applied the following FRSs, Amendments to FRSs and Interpretations which have been issued by the Malaysian Accounting Standards Board, but not yet effective:

FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 1 (revised)	First-time Adoption of Financial Reporting Standards 1 July 2010
FRS 3 (revised)	Business Combinations 1 July 2010
FRS 4	Insurance Contracts 1 January 2010
FRS 7	Financial Instruments: Disclosure 1 January 2010
FRS 8	Operating Segments 1 July 2009
FRS 101	Presentation of Financial Statements (revised 2009) 1 January 2010
FRS 123	Borrowing Costs 1 January 2010
FRS 127 (revised)	Consolidated and Separate Financial Statements 1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement 1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards 1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations 1 January 2010
Amendments to FRS 2	Share-based Payment 1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations 1 January 2010 and 1 July 2010
Amendments to FRS 7	Financial Instruments: Disclosures 1 January 2010
Amendments to FRS 8	Operating Segments 1 January 2010
Amendments to FRS 107	Statement of Cash Flows 1 January 2010
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors 1 January 2010
Amendments to FRS 110	Events after the Reporting Period 1 January 2010
Amendments to FRS 116	Property, Plant and Equipment 1 January 2010
Amendments to FRS 117	Leases 1 January 2010
Amendments to FRS 118	Revenue 1 January 2010
Amendments to FRS 119	Employee Benefits 1 January 2010
Amendments to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance 1 January 2010
Amendments to FRS 123	Borrowing Costs 1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate 1 January 2010

A1 – Basis of Preparation (cont'd)

FRSs and Interpretations (cont'd)	Effective for financial periods beginning on or after
Amendments to FRS 128 Investments in Associates	1 January 2010
Amendments to FRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2010
Amendments to FRS 131 Interest in Joint Ventures	1 January 2010
Amendments to FRS 132 Financial Instruments: Presentation	1 January 2010
Amendments to FRS 134 Interim Financial Reporting	1 January 2010
Amendments to FRS 136 Impairment of Assets	1 January 2010
Amendments to FRS 138 Intangible Assets	1 January 2010 and 1 July 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 140 Investment Property	1 January 2010
IC Interpretation 9 Reassessment of and its Amendments Embedded Derivatives	1 January 2010 and 1 July 2010
IC Interpretation 10 Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11 FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 13 Customer Loyalty Programmes	1 January 2010
IC Interpretation 14 FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010

The Group will apply the above applicable standards by the effective dates. The adoption of the above FRSs, Amendments to FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Group except for changes in presentation in accordance with the applicable FRSs, Amendments to FRSs and Interpretations. The Group is exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS7 and FRS139.

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

<u>Foreign currency</u>	<u>31 Dec 2009</u> RM	<u>30 Sept 2009</u> RM	<u>31 Dec 2008</u> RM
1 US Dollar	3.43	3.48	3.48
100 Hong Kong Dollars	44.18	44.94	44.87
100 Chinese Renminbi	50.19	51.01	50.88

A2 – Auditors' Reports

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

A3 – Comments about the Seasonal or Cyclicity of Interim Operations

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



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

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

- (a) the Company purchased RM112,000,000 nominal value of convertible bonds 2007/2012 (“Convertible Bonds”) representing about 50% of the nominal value of the Convertible Bonds issued by the Company for a cash consideration of RM119,360,346 from existing holders of the Convertible Bonds. Details and rationale for the purchase of the Convertible Bonds by the Company is contained in the announcement dated 21 December 2009 to Bursa Securities; and
- (b) the re-classification of the Convertible Bonds as Short Term Liabilities wherein the Company will, at the option of the holder of any Convertible Bonds, redeem all or some of that holder’s Convertible Bonds on the 3rd anniversary of the Issue Date of the Convertible Bonds (*the Issue Date being 6 December 2007*) at the Early Redemption Amount (*as defined in the Trust Deed dated 29 November 2007 constituting the Convertible Bonds*). The Convertible Bonds, unless redeemed or converted in accordance with the Principal Terms and Conditions, will mature on 5 December 2012.

A5 – Accounting Estimates

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

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

During the current quarter and financial year, there was no issuance, cancellation, repurchase, resale or repayment of equity or debt securities by the Company, save and except for, the purchase of the Convertible Bonds by the Company mentioned in section A4 above and the issuance of new ordinary shares of RM0.50 each from the exercise of:-

	During the Current Quarter	Year-to-date	Balance remaining unexercised as at the reporting period
ESOS options at RM1.31 per share *	-	-	240,000
ESOS options at RM1.90 per share *	-	-	# 4,498,000
Warrants at RM1.27 per share **	-	104,200	69,788,500

* expiring on 29 September 2010 (unless extended by the Company)

** expiring on 21 September 2010

after taking into account 27,000 ESOS options that lapsed during the financial period

A7 – Dividends Paid

During the current quarter and financial year, the following dividends were paid:-

	<u>RM'000</u>
<u>In respect of the financial year ended 31 December 2008</u>	
• 2 nd interim gross dividend of 2.0 sen per share on 376,665,700 ordinary shares of RM0.50 each, less income tax at 25%, paid on 30 March 2009	<u>5,650</u>
• Final gross dividend of 1.25 sen per share on 376,694,500 ordinary shares of RM0.50 each, less income tax at 25%, paid on 29 July 2009	<u>3,531</u>
<u>In respect of the financial year ending 31 December 2009</u>	
• 1 st interim gross dividend of 2.0 sen per share on 376,694,500 ordinary shares of RM0.50 each, less income tax at 25%, paid on 18 September 2009	<u>5,650</u>

A8 – Segmental Reporting

Segmental information is presented in respect of the Group's business segments, which is the Group's primary basis of segmental reporting.

(a) Revenue

	3 Months Ended <u>31 Dec 2009</u> RM'000	3 Months Ended <u>31 Dec 2008</u> RM'000 (adjusted)	12 Months Ended <u>31 Dec 2009</u> RM'000	12 Months Ended <u>31 Dec 2008</u> RM'000 (audited)
Water business (Malaysia)	33,677	31,807	135,544	135,887
Construction (Malaysia)	7,368	(14,497)	7,810	76,986
Waste management (China)	3,686	4,890	15,563	13,533
	44,731	22,200	158,917	226,406

(b) Profit Before Tax

	3 Months Ended <u>31 Dec 2009</u> RM'000	3 Months Ended <u>31 Dec 2008</u> RM'000 (adjusted)	12 Months Ended <u>31 Dec 2009</u> RM'000	12 Months Ended <u>31 Dec 2008</u> RM'000 (audited)
Water business	13,899	10,443	54,084	50,878
Construction	5,298	3,425	3,510	11,645
Waste management	(3)	1,797	2,656	3,981
Investment holding and others	477	34,385	122	34,089
	19,671	50,050	60,372	100,593
Elimination	(125)	(31,862)	(405)	(33,008)
Operating profit	19,546	18,188	59,967	67,585
Finance cost	(5,108)	(3,657)	(16,108)	(14,484)
Share of results of a jointly controlled entity	224	(261)	6,915	5,690
Share of results of associates	(14)	134	630	569
Profit before tax	14,648	14,404	51,404	59,360

A9 – 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.

A10 – Changes in Composition of the Group

There were no changes to the composition of the Group during the current quarter and financial year including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations other than the acquisition by the Company of a wholly owned subsidiary, Taliworks Construction Sdn. Bhd. (“TCSB”) on 27 October 2009. TCSB has an authorised share capital of RM100,000 of which RM2.00 comprising 2 ordinary shares of RM1.00 each was issued and fully paid-up. The principal activity of TCSB is general construction.

A11 – Changes in Contingent Liabilities or Contingent Assets

The contingent liabilities of the Group as at the end of the current financial year are as follows:-

	RM'000
<u>Secured against deposits pledged to the financial institutions</u>	
Bank guarantees issued to third parties for services rendered and as performance bonds on behalf of subsidiaries	<u>7,573</u>
Bank guarantees issued to third parties for services rendered and as performance bonds	<u>9,771</u>

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

B1 – Review of Performance

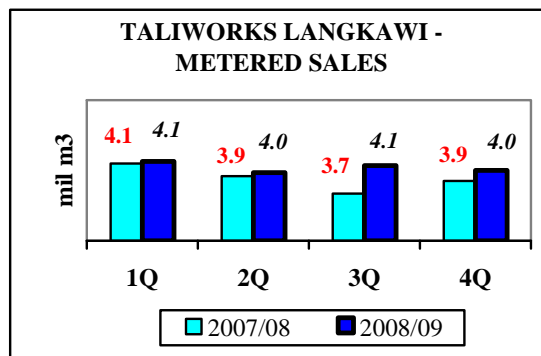
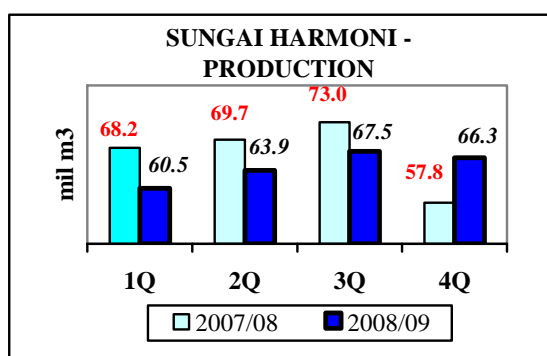
(a) *Revenue*

	3 Months Ended 31 Dec 2009 RM'000	3 Months Ended 30 Sept 2009 RM'000	3 Months Ended 31 Dec 2008 RM'000 (adjusted)
Water business	33,677	35,043	31,807
Construction	7,368	-	(14,497)
Waste management	3,686	4,122	4,890
	44,731	39,165	22,200

(b) *Profit Before Tax*

	3 Months Ended 31 Dec 2009 RM'000	3 Months Ended 30 Sept 2009 RM'000	3 Months Ended 31 Dec 2008 RM'000 (adjusted)
Water business	13,899	13,419	10,443
Construction	5,298	(554)	3,425
Waste management	(3)	859	1,797
Investment holding and others	477	(100)	34,385
	19,671	13,624	50,050
Elimination	(125)	(118)	(31,862)
Operating profit	19,546	13,506	18,188
Finance cost	(5,108)	(3,672)	(3,657)
Share of results of a jointly controlled entity	224	4,185	(261)
Share of results of associates	(14)	112	134
Profit before tax	14,648	14,131	14,404

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



B1 – Review of Performance (cont'd)

Review of Y-o-Y Results

Group revenue doubled from RM22.2 million to RM44.7 million due primarily to the higher percentage of completion of the Company's existing construction projects and the reversal of construction revenue in Q4FY08 due to over-recognition in the prior quarter.

Revenue from the water business improved by 6% as a result of higher production from Sungai Selangor Water Treatment Works Phase I ("SSP1") (+15% i.e. from 57.8 million m³ (688 MLD) to 66.3 million m³ (721 MLD)) and higher metered sales from Langkawi operations (+4% i.e. from 3.85 mil m³ to 4.00 mil m³).

Meanwhile, revenue from waste management division was lower by 25%. This was due to the one-off adjustment made in Q4FY08 in respect of a tariff increase in the Guanghan operations from RMB0.80/m³ to RMB1.15/m³ amounting to RM1.7 mil (effective for FY08) which was approved subsequent to FY08. However, in terms of waste processed, both the Tianjin and Guanghan operations each registered a y-o-y growth of about 3%.

Despite the significant increase in revenue, there was only a marginal increase in the profit before taxation ("PBT") from RM14.4 million to RM14.6 million.

In terms of operations, the construction division recorded profits of RM5.3 million (Q4FY08: RM3.4 million) on the back of revenue of RM7.4 mil. In the water segment, the increased in revenue coupled with lower rehabilitation and upkeep and maintenance costs boosted profits whilst in the waste management segment, excluding the one-off recognition of revenue of RM1.7 mil from the Guanghan operations mentioned above, profit contribution from this segment did not vary significantly.

The PBT was also affected by the lower returns from the realisation of short term investments and higher finance expense in relation to the purchase of Convertible Bonds.

Review of Q-o-Q Results

The increased in revenue from RM39.2 million to RM44.7 million was solely contributed by the construction segment. Revenue from the other two segments had dropped due to lower production levels. Production in SSP1 dropped marginally by 2% i.e. from 67.5 million m³ (734 MLD) to 66.3 million m³ (721 MLD) whilst metered sales in Langkawi also dropped by a similar percentage point i.e. from 4.07 million m³ to 4.00 million m³. The substantially lower wastewater processed in Guanghan operations by 17% i.e. 3.2 million m³ to 2.7 million m³ was due to seasonal trend of reduced discharge during the winter season.

Although Group revenue was higher, PBT registered a marginal increase from RM14.1 million to RM14.6 million. The higher PBT was due to the contribution from the construction segment as a result of higher revenue and the downward revision to the estimated project costs in view of the advance stage of completion of the projects undertaken by the Group. However, the increase in PBT was moderated by higher finance costs and the decrease in share of results from Cerah Sama Sdn Bhd, a jointly controlled entity, due to amongst others, higher amortisation expense following the upward revision to the carrying value of its concession assets and changes to the entity's accounting policy on recognition of deferred income in the current quarter.

B2 – Current Year Prospects

The financial results of the Group are largely driven by the performance of the water business as this segment contributes the bulk of the revenue and profits. The Group is optimistic that the overall water demand will improve from the current levels given the better economic environment.

Whilst the water business will continue to provide a recurring and steady income stream to the Group, the Group is increasing its efforts to expand its business specifically in the field of water, waste and infrastructure to meet its goal of having equal contribution from both the domestic front and overseas markets.

B3 – Profit Forecasts or Profit Guarantees

Not applicable as no profit forecast or guarantees was published.

B4 – Taxation

	3 Months Ended 31 Dec 2009 RM'000	12 Months Ended 31 Dec 2009 RM'000
Malaysian income tax:-		
- Current year tax	2,591	11,833
- Under-provision in prior years	-	263
- Deferred Tax	(153)	(43)
	2,438	12,053

The tax expense is in respect of the estimated Malaysian income tax charge for the period and for the year. The effective tax rate of the Group is lower than the statutory tax rate principally due to the receipt of tax exempt dividend income and capital gains arising from realisation of investments, capital distribution from an associate and tax effect of share of results of jointly controlled entity and associates. However, this was moderated by certain expenses not allowed as tax deductions and losses incurred by certain subsidiaries which were not available to be set-off against taxable profits in other companies within the Group.

B5 – Profits on Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and properties for the current quarter and financial year.

B6 – Purchase or Disposal of Quoted Securities

- (a) There were no purchases or disposals of quoted securities for the current quarter and financial year except for the investment and redemption of quoted money market unit trust funds included as Investments. As at the end of the reporting period, the Investments of the Group were as follows:-

	RM'000
Book value / carrying amount	142,401
Market value	142,991

- (b) There were no investments in quoted shares as at end of the reporting period.

B7 – Status of Corporate Proposals Announced But Not Completed

- (i) *Status of Corporate Proposals*

There were no proposals announced but not completed as at end of the reporting period, save and except for, the proposed issuance of RM395 million of bonds by Destinasi Teguh Sdn Bhd (“DTSB”), a special purpose vehicle that will act as a funding conduit to raise funds for the Group.

Details of the proposed issuance of the DTSB bonds are contained in the announcement by the RAM Rating Services Berhad on 10 November 2009.

B7 – Status of Corporate Proposals Announced But Not Completed (cont'd)
(ii) Status of Proposed Utilisation of Proceeds

As at 18 February 2010 (being a date not earlier than 7 days from the date of this report), the status of utilisation of proceeds raised from the issuance of the Convertible Bonds was as follows:-

	Total Net Proceeds Raised (RM'000)	Cumulative Amount Utilised from the Previous Quarters (RM'000)	Amount Utilised in the Current Quarter * (RM'000)	Balance Unutilised (RM'000)
(i) For future local and overseas business expansion	196,400	(25,484)	(119,360)	51,556
(ii) For general working capital purposes (current requirements and those arising from future local and overseas business expansion)	21,850	-	(12,700)	9,150
TOTAL	218,250	(25,484)	(132,060)	60,706

- (a) *Depending on the funding requirements of the Company, its subsidiaries and its joint venture companies namely Cerah Sama Sdn Bhd (“CSSB”), the Company may re-allocate the amount of proceeds to be utilised between each of the abovementioned categories.*
- (b) *In addition, any proceeds not fully utilised under (i) above within the stipulated timeframe will be utilised for general working capital purposes if not re-allocated during the stipulated timeframe. Proceeds under (i) above may also be utilised to fund any shareholders’ advances to CSSB.*
- (c) *The proceeds are to be utilised within 2 years from the issuance of the Convertible Bonds. There has been no deviation in the utilisation of proceeds.*

* *Utilised for the purchase of Convertible Bonds mentioned in section A4 of this report. The use of proceeds to purchase the Convertible Bonds (as repayment of borrowings) is permitted under the Trust Deed.*

B8 – Group Borrowings and Debt Securities

Included in the borrowings are:-	Short Term		Long Term	
	Secured RM'000	Unsecured RM'000	Secured RM'000	Unsecured RM'000
Hire purchase	19	-	23	-
Government support loan	-	3,011	-	-
Convertible bonds	-	119,377	-	-
	19	122,388	23	-

All the borrowings of the Group are denominated in Malaysian Ringgit save and except for the Government Support Loan of RMB6.0 million which is to be repaid by a subsidiary in the People’s Republic of China.



B9 – Off Balance Sheet Financial Instruments

As at 18 February 2010 (being a date not earlier than 7 days from the date of this Report), there is no financial instruments with off balance sheet risk as all financial instruments are to be accounted for in accordance with FRS 139 - Financial Instruments: Recognition and Measurement with effective from 1 January 2010.

B10 – Material Litigations

As at 18 February 2010 (being a date not earlier than 7 days from the date of this Report), the Group is not aware of any pending material litigations against the Company or its subsidiary companies.

B11 – Earnings Per Share (“EPS”)

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of shares in issue.

	3 Months Ended 31 Dec 2009	3 Months Ended 31 Dec 2008 (adjusted)	12 Months Ended 31 Dec 2009	12 Months Ended 31 Dec 2008 (audited)
Net Profit attributable to equity holders of the Company (RM'000)	12,312	13,400	38,919	45,757
Weighted average number of shares in issue ('000)	376,695	376,590	376,677	376,121
Basic EPS (sen)	3.3	3.6	10.3	12.2

(b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company (as adjusted) by the weighted average number of shares in issue (as adjusted). The net profit attributable to equity holders of the Company is adjusted for net savings from the after-tax effects of the financing costs of the Convertible Bonds as if the Convertible Bonds were converted into shares at the beginning of the financial period. The weighted average number of shares in issue is adjusted for potential dilutive shares from the exercise of outstanding ESOS options, Warrants and Convertible Bonds of the Company.

	3 Months Ended 31 Dec 2009	3 Months Ended 31 Dec 2008 (audited)	12 Months Ended 31 Dec 2009	12 Months Ended 31 Dec 2008 (audited)
Net Profit attributable to equity holders of the Company (as adjusted) (RM'000)	12,312	16,111	38,919	56,289
Weighted average number of shares in issue (as adjusted) ('000)	387,819	491,536	395,884	509,236
Diluted EPS (sen)	3.2*	3.3	9.8*	11.1

** The Convertible Bonds and/or ESOS options that could potentially dilute the earnings per share have been excluded from the computation because of its anti-dilutive effect.*

B12 – Dividends

Second Interim Dividend

The Board is pleased to declare a second interim gross dividend of 4.0 sen per share less income tax at 25%, in respect of the current financial year ended 31 December 2009, be payable on 29 March 2010 to depositors who are registered in the Record of Depositors at the close of business on 15 March 2010.

A depositor shall qualify for entitlement to the dividends only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 March 2010 in respect of transfers; and
- b) Shares bought on the Bursa Securities on cum entitlement basis according to the Rules of Bursa Securities.

The Board do not recommend the payment of any final dividend in respect of the current financial year ended 31 December 2009.

B13 – Adjustments and Restatement of Comparatives

Comparatives may differ from the unaudited consolidated results announced for the 4th quarter 2008 as they have been adjusted to reflect the audited results of the Group for the year ended 31 December 2008.

B14 – Authorisation for Release

This Interim Financial Report for the current quarter and financial year ended 31 December 2009 has been seen and approved by the Board for public release.

By Order of the Board
Ng Yim Kong
Company Secretary (LS 0009297)
24 February 2010

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 also participates in the CMDF-Bursa Research Scheme to facilitate greater investors' understanding of the Group. Copies of independent research reports on the Company can be downloaded from <http://www.bursamalaysia.com>

