



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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006 (UNAUDITED)

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This Report is authorised for public release on 27 November 2006

CONDENSED CONSOLIDATED INCOME STATEMENTS

	NOTE	<u>3 MONTHS ENDED</u>		<u>9 MONTHS ENDED</u>	
		<u>30 SEPTEMBER</u>		<u>30 SEPTEMBER</u>	
		<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
		<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
		<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>	<u>UNAUDITED</u>
Revenue	A8	34,500	47,058	107,489	154,156
Operating expenses		(23,916)	(34,547)	(70,395)	(113,558)
Other operating income		919	776	2,160	1,943
Operating profit		11,503	13,287	39,254	42,541
Finance cost		(151)	(251)	(457)	(747)
Share of results of associated companies		361	(138)	4,983	(461)
Profit before tax	A8	11,713	12,898	43,780	41,333
Taxation	B5	(3,427)	(3,551)	(11,152)	(11,565)
Profit after tax		8,286	9,347	32,628	29,768
Attributable to:					
Equity holders of the parent		8,318	9,287	32,684	29,665
Minority interest		(32)	60	(56)	103
		8,286	9,347	32,628	29,768
EPS					
- Basic (sen)	B13	2.24	2.64	9.02	8.42
- Diluted (sen)		2.13	2.57	8.64	8.22

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to these interim financial statements.



CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>NOTE</u>	<u>30 SEPT 2006</u> <u>RM'000</u> <u>UNAUDITED</u>	<u>31 DEC 2005</u> <u>RM'000</u> <u>AUDITED</u> <u>(RESTATED)</u>
NON-CURRENT ASSETS			
Property, plant and equipment	A1 (ii) (f)	5,403	5,278
Investment properties	A1(ii) (f)	468	476
Concession rights		16,939	17,665
Associated companies		31,174	26,191
Deferred tax assets		8	8
Long term receivables		64,174	64,174
Deposits, bank and cash balances	A1 (ii) (f)	26,975	26,721
		145,141	140,513
CURRENT ASSETS			
Inventories		984	927
Trade and other receivables		106,399	109,758
Amount due from an associated company		-	200
Tax recoverable		-	723
Short-term investments	B7(a)	70,231	-
Deposits, bank and cash balances	A1 (ii)(f)	41,754	89,977
		219,368	201,585
CURRENT LIABILITIES			
Borrowings (secured and interest bearing)	B9	3,248	3,405
Trade and other payables		29,731	53,140
Taxation		2,559	2,323
Proposed dividends		10,747	-
		46,285	58,868
NET CURRENT ASSETS		173,083	142,717
LESS: NON-CURRENT LIABILITIES			
Deferred tax liability		15	15
Borrowings (secured and interest bearing)	B9	6,676	8,558
		311,533	274,657
CAPITAL AND RESERVES			
Share capital		186,589	176,131
Share premium		17,673	51
Warrant reserves		6,545	6,547
Currency translation reserve		126	168
Merger deficit		(71,500)	(71,500)
Retained earnings		171,253	162,371
Shareholders' equity		310,686	273,768
Minority interest		847	889
Total equity		311,533	274,657
Net assets per share (RM)		0.8348	0.7797

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to these interim financial statements.



CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	9 MONTHS ENDED	
	30 SEPT 2006	30 SEPT 2005
	RM'000	RM'000
	UNAUDITED	UNAUDITED
OPERATING ACTIVITIES		
Net profit attributable to equity holders of the Company	32,684	29,665
Adjustments for:		
Non-cash items	7,377	20,522
Interest income	(1,866)	(1,595)
Interest expense	457	747
Operating profit before working capital changes	38,652	49,339
Changes in working capital:		
Net change in current assets	3,157	58,051
Net change in current liabilities	(23,555)	(22,015)
Net cash inflow from operations	18,254	85,375
Interest paid	(311)	(747)
Tax paid	(10,193)	(14,889)
Net cash inflow from operating activities	7,750	69,739
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant & equipment	18	274
Purchase of property, plant & equipment	(1,080)	(991)
Payment for concession rights	-	(14)
Interest received	2,211	1,595
Dividend received	-	17,774
Placement of short-term investments	(70,231)	-
Net cash (outflow)/inflow from investing activities	(69,082)	18,638
FINANCING ACTIVITIES		
Proceeds from private placement of shares	22,950	-
Proceeds from exercise of ESOS options and Warrants	5,128	-
Decrease in deposit balances pledged as security	6,211	11,253
Repayment of borrowings	(1,660)	(25,769)
Proceeds from borrowings	-	130
Dividends paid	(13,055)	(7,607)
Net cash inflow/(outflow) from financing activities	19,574	(21,993)
Net change in cash and cash equivalents	(41,758)	66,384
Cash and cash equivalents at beginning of financial period	83,512	25,354
Cash and cash equivalents at end of financial period	41,754	91,738
Deposits with licensed banks	61,878	105,598
Bank and cash balances	6,851	5,667
Total deposits, bank and cash balances (current and non-current)	68,729	111,265
Less: Deposits pledged as security	(26,975)	(19,527)
	41,754	91,738

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to these interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Issued and fully
paid ordinary
shares of RM0.50 each

Non-distributable Distributable

	Number of shares	Nominal value	Share Premium	Revaluation reserve	Warrant 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
As at 1 January 2006	352,263	176,131	51	-	6,547	168	(71,500)	162,371	273,768	889	274,657
Net profit for the period								32,684	32,684	(56)	32,628
Issuance of ordinary shares from:-											
- private placement	17,000	8,500	14,450						22,950		22,950
- exercise of ESOS options	3,903	1,952	3,161						5,113		5,113
- exercise of Warrants	12	6	11		(2)				15		15
Second interim dividend for FY 2005								(5,073)	(5,073)		(5,073)
Final dividend for FY 2005								(7,982)	(7,982)		(7,982)
First interim dividend for FY 2006								(10,747)	(10,747)		(10,747)
Currency translation differences						(42)			(42)	14	(28)
As at 30 September 2006	373,178	186,589	17,673	-	6,545	126	(71,500)	171,253	310,686	847	311,533
At 1 January 2005*	352,200	176,100	-	6	-	(15)	(71,500)	133,512	238,103	883	238,986
Net profit for the period								29,665	29,665	103	29,768
Currency translation differences						135			135		135
Proceeds from Rights Issue of Warrants					7,044				7,044		7,044
Less: Estimated expenses for Rights Issue of Warrants					(429)				(429)		(429)
Final dividend for FY 2004								(7,607)	(7,607)		(7,607)
First interim dividend for FY 2005								(7,608)	(7,608)		(7,608)
As at 30 September 2005	352,200	176,100	-	6	6,615	120	(71,500)	147,962	259,303	986	260,289

* the number of shares have been adjusted for a share split of one ordinary share of RM1.00 each into two new ordinary shares of RM0.50 each

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to these interim financial statements.



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

A1 – Basis of Preparation

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 subsidiary companies (“Group”) for the year ended 31 December 2005. These 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 financial year ended 31 December 2005.

The accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the most recent audited financial statements except for:-

- (i) adoption of new accounting policy for Short-Term Investments

During the financial period, the Group has invested into short-term investments in the form of money market funds offered by unit trust management companies in Malaysia primarily to enable the Group to enhance its returns compared to placement of deposits with financial institutions. The distribution of gains arising from the realisation of investment in these funds is exempted from tax in the hands of unit holders. Any gains realised by the unit holders on the transfer or redemption of the units are treated as capital gains and not subject to income tax.

The accounting policy relating to these investments is as follows:-

Short-term investments comprise of investments in quoted unit trusts. These short-term investments held as current assets are stated at the lower of costs or market value. Cost is the weighted average of the purchase price while market value is determined based on quoted market price. Increases or decreases in the carrying amount of these securities are included in the income statement. Gains or losses through the disposal of these investments are dealt with through the income statement.

- (ii) the adoption by the Group of the new and revised Financial Reporting Standards (“FRS”) issued by the Malaysian Accounting Standards Board (“MASB”) effective from 1 January 2006 as follows:-

- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non-current Assets Held for Sale and Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effects of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investments in Associates
- FRS 132 Financial Instruments: Disclosure and Presentation
- FRS 133 Earnings Per Share



- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property

The adoption of FRS 5, FRS 102, FRS 108, FRS 110, FRS 116, FRS 121, FRS 127, FRS 128, FRS 132 and FRS 133 does not have significant financial impact on the Group.

The principal effects from the changes to the accounting policies resulting from the adoption of the new/revised FRS adopted by the Group are discussed below:-

(a) FRS 2: Share-based Payment

This FRS requires an entity to amortise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for eligible directors and employees of the Group, namely the Taliworks Employees' Share Option Scheme ("ESOS"). Prior to 1 January 2006, no compensation expense was recognised in the income statement for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in the income statement over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option will be computed using the Black-Scholes model or any other appropriate models to be decided by the Board at the later date. At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS will apply to share options which were granted after 31 December 2004 and which had not yet vested on 1 January 2006. The adoption of this FRS has not resulted in any financial impact to the Group as there were no new share options granted by the Group after 31 December 2004 which remain unvested on 1 January 2006.

(b) FRS 3: Business Combinations and FRS 136: Impairment of Assets

Goodwill acquired in a business combination is now stated at cost less any accumulated impairment losses and is no longer amortised. Instead, the carrying amount is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill impairment is determined by comparing its carrying amount against its recoverable amount in accordance with FRS 136. Any impairment loss is recognised in the income statement and subsequent reversal is not allowed.

Negative goodwill, which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition, is now recognised immediately to the income statement. The adoption of this accounting policy has not resulted in any financial impact to the Group as there was no negative goodwill as at 1 January 2006.



(c) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amount attributable to equity holder of the parent and to minority interest.

Cash and cash equivalents restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are classified as non-current.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with comparatives restated to confirm with the current period's presentation.

(d) FRS 138: Intangible Assets

On the adoption of FRS 138, intangible assets are now assessed at individual level as having either a finite or indefinite life. Indefinite life intangible are not amortised but are tested for impairment annually. Intangible assets with finite useful life will continue to be amortised over the period of useful life.

Prior to 1 January 2006, intangible assets such as Concession Rights are considered to have a finite life over the concession period and were stated at cost less accumulated amortisation and impairment loss. Upon the adoption of FRS 138, the Concession Rights will continue to be amortised over its useful life and the amortisation method of this intangible asset will be assessed annually.

(e) FRS 140: Investment Properties

The adoption of FRS 140 results in the change in accounting policy for investment properties. As a result of adoption of FRS 140, investment properties, being properties held by the Company to earn rentals and/or for capital appreciation, previously included under Property, Plant and Equipment at valuation less accumulated depreciation and accumulated impairment losses, are now disclosed separately as Investment Properties in the balance sheet. The Group has chosen the cost model as a basis of measurement for all its Investment Properties.



(f) Comparatives

The following comparative amounts in the Consolidated Balance Sheets have been restated as a result of the adoption of FRS 101 and FRS 140:-

<u>As at 31 December 2005</u>	<u>As previously stated RM'000</u>	<u>Adjustment RM'000</u>	<u>As restated RM'000</u>
<u>FRS 101</u>			
Deposits, bank and cash balances – under Current Assets	116,698	(26,721)	89,977
Deposits, bank and cash balances – under Non Current Assets	-	26,721	26,721
<u>FRS 140</u>			
Property, plant and equipment	5,754	(476)	5,278
Investment properties	-	476	476

A2 – Auditors’ Reports

The auditors’ report on the financial statements of the Company and its subsidiary companies for the most recent audited financial statements was not subject to any qualification.

A3 – Comments about the Seasonal or Cyclicity of Interim Operations

There are no significant seasonal or cyclical factors affecting 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 period.

A5 – Accounting Estimates

There were no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years that have had a material effect in the current interim period.

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

During the financial period, there was no issuance or repayment of equity or debt securities by the Company save and except for the issuance of:-

- (a) 17,000,000 new ordinary shares of RM0.50 each at RM1.35 per share from a private placement of shares (“Private Placement”);
- (b) 3,903,000 new ordinary shares of RM0.50 each at RM1.31 per share from the exercise of ESOS options; and



- (c) 12,000 new ordinary shares of RM0.50 each at RM1.27 per share from the exercise of Warrants 2005/2010 (“Warrants”).

A7 – Dividends Paid

During the current financial period, the following dividends were paid:-

- (a) a second interim gross dividend of 2.0 sen per share on 352,263,000 ordinary shares of RM0.50 each, less income tax at 28%, amounting to RM5,072,587 in respect of the financial year ended 31 December 2005, paid on 21 April 2006;
- (b) a final gross dividend of 3.0 sen per share on 369,553,000 ordinary shares of RM0.50 each, less income tax at 28%, amounting to RM7,982,345 in respect of the financial year ended 31 December 2005, paid on 28 July 2006; and
- (c) a first interim gross dividend of 4.0 sen per share on 373,178,000 ordinary shares of RM0.50 each, less income tax at 28%, amounting to RM10,747,526 in respect of the financial year ending 31 December 2006, paid on 20 October 2006.

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*

	Current Quarter Ended 30 Sept 2006 RM’000 (unaudited)	Current Quarter Ended 30 Sept 2005 RM’000 (unaudited)	Cumulative Quarter Ended 30 Sept 2006 RM’000 (unaudited)	Cumulative Quarter Ended 30 Sept 2005 RM’000 (unaudited)
Water business	32,957	33,239	99,097	98,238
Construction	-	12,228	3,582	51,396
Waste management	1,543	1,591	4,810	4,522
	34,500	47,058	107,489	154,156

(b) *Profit Before Tax*

	Current Quarter Ended 30 Sept 2006 RM’000 (unaudited)	Current Quarter Ended 30 Sept 2005 RM’000 (unaudited)	Cumulative Quarter Ended 30 Sept 2006 RM’000 (unaudited)	Cumulative Quarter Ended 30 Sept 2005 RM’000 (unaudited)
Water business	11,927	12,362	39,263	39,853
Construction	-	569	167	2,394
Waste management	10	448	178	1,114
Investment holding	(434)	(92)	(354)	(820)
Operating profit	11,503	13,287	39,254	42,541
Finance cost	(151)	(251)	(457)	(747)
Share of results of associated companies	361	(138)	4,983	(461)
Profit before tax	11,713	12,898	43,780	41,333



Analysis of secondary reporting by geographical location was not presented as the Group's activities are primarily in Malaysia. There were no material changes in segmental assets and liabilities since the latest audited financial statements in both the business and geographical segments.

A9 – Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements.

A10 – Material Subsequent Events

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

A11 – Changes in Composition of the Group

There were no changes to the composition of the Group during the current interim period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operations.

A12 – Changes in Contingent Liabilities or Contingent Assets

There were no material changes to the contingent liabilities or contingent assets since the last annual balance sheet date.



PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 – Review of Performance (Comparison with Corresponding Quarter’s Results)

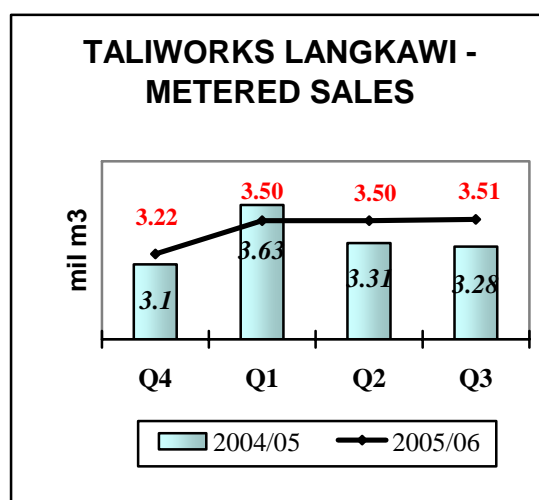
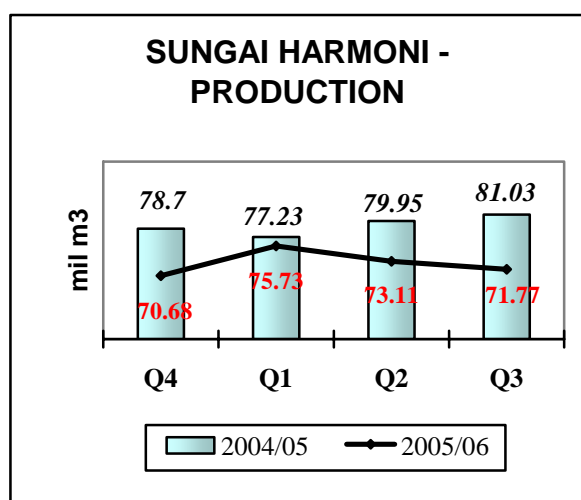
	Current Quarter Ended 30 Sept 2006 RM’000 (unaudited)	Corresponding Quarter Ended 30 Sept 2005 RM’000 (unaudited)
Revenue	34,500	47,058
Operating profit	11,503	13,287
Profit before taxation	11,713	12,898
Profit after tax	8,286	9,347

The review of performance should be read in conjunction with the segmental information presented in Note A8.

Revenue

Group revenue was 27% lower than that recorded in the corresponding quarter. This was due to the absence of contribution from construction activities as the construction of water supply works to the northern region of the Central Kedah Water Supply Scheme was completed in early 2006. The existing Padang Terap project with a contract value of RM149 million secured during the current financial quarter is not expected to make any significant contribution for the year.

The following are the production and metered sales data for Sungai Harmoni Sdn Bhd (“Sungai Harmoni”) and Taliworks Langkawi Sdn Bhd (“Taliworks Langkawi”) respectively:-



Whilst the production from Sungai Harmoni has decreased by 11% compared to the corresponding quarter, the impact was lessened by the increase in bulk sales rate from RM0.33/m³ to RM0.35/m³ in 2006. The decrease in production was attributable to the on-going efforts by Syarikat Bekalan Air Selangor Berhad (“SYABAS”) to rationalise the supply of treated water. The average daily water consumption in Langkawi showed a growth of 7% over the corresponding quarter.

Profit before Taxation

The operating profit of the Group recorded a decrease of RM1.8 million (or approximately 13%) compared to the corresponding quarter mainly due to the lower production from Sungai Harmoni, higher upkeep expenses incurred as part of an on-going rehabilitation and maintenance programme for the water treatment plants in Sungai Harmoni, absence of contribution from construction activities and the lower contribution recorded from the waste management segment.

In the waste management segment, the lower profit recorded in the financial quarter was mainly attributable to the higher fuel costs (*arising from the recent hike in fuel prices*) and upkeep and maintenance of vehicles. During the financial period, the Group had also incurred expenses for business development activities to source for waste management businesses abroad.

B2 – Review of Performance (Comparison with Preceding Quarter’s Results)

(a) Revenue

	Current Quarter Ended 30 Sept 2006 RM’000 (unaudited)	Previous Quarter Ended 30 June 2006 RM’000 (unaudited)
Water business	32,957	32,916
Waste management	1,543	1,638
	34,500	34,554

There was no significant variance in revenue recorded from the previous quarter. Although the production from Sungai Harmoni has decreased by 2%, the marginal increase in revenue in the current quarter was attributed to electricity rebates (*arising from the recent hike in electricity rates*) chargeable to the principal in accordance with the terms of the operations and maintenance agreement.

(b) Profit Before Tax

	Current Quarter Ended 30 Sept 2006 RM’000 (unaudited)	Previous Quarter Ended 30 June 2006 RM’000 (unaudited)
Water business	11,927	12,600
Waste management	10	38
Investment holding and others	(434)	(87)
Operating profit	11,503	12,551
Finance cost	(151)	(153)
Share of results of associated companies	361	4,577
Profit before tax	11,713	16,975



The operating profit of the Group recorded a decrease of RM1.0 million (or approximately 8%) compared to the previous quarter mainly due to higher upkeep expenses incurred in the current quarter as part of the on-going rehabilitation and maintenance programme for the water treatment plants in Sungai Harmoni. In the waste management sector, the hike in fuel prices continued to be felt in the current quarter. However, with the gradual drop in fuel prices coupled with tighter cost control measures, the Group expects the waste management operations to turn in a much improved result for the next quarter.

B3 – Current Year Prospects

The Group is actively looking into waste and water related as well as infrastructure projects that can generate recurring income, both locally and abroad during the year. The Board expects the Group to achieve a reasonable performance during the current year with stable earnings coming in from the existing water business.

B4 – Profit Forecast

Not applicable as no profit forecast was published.

B5 – Taxation

	Current Quarter Ended 30 Sept 2006 RM'000 (unaudited)	Cumulative Quarter Ended 30 Sept 2006 RM'000 (unaudited)
Malaysian income tax:-		
Current tax:		
- Current year	3,357	11,511
- Under/(over) provision in prior years	70	(359)
	<u>3,427</u>	<u>11,152</u>

The effective tax rate of the Group for the financial period was primarily lower than the statutory tax rate mainly due to a financial compensation received by an associated company, which is deemed to be a capital receipt. Excluding the share of results of associated companies, the effective tax rate would be higher due to certain expenses not allowed as tax deductions and losses incurred by certain subsidiaries.

B6 – Profits on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties for the current quarter and financial year-to-date.

B7 – Purchase or Disposal of Quoted Securities

- (a) There were no purchases or disposals of quoted securities for the current quarter and financial period except for the investment in quoted unit trusts as follows:-

	<u>RM'000</u>
Book value	70,231
Carrying amount	<u>70,231</u>
Market value	<u>70,589</u>



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

B8 – Status of Corporate Proposals Announced But Not Completed

(i) Status of Corporate Proposals

There were no proposals announced but not completed as of the date hereof.

(ii) Status of Proposed Utilisation of Proceeds

As at 22 November 2006 (being a date not earlier than 7 days from the date of this report), the utilisation of proceeds raised from the Private Placement implemented during the financial period was as follows:-

	Proposed Utilisation as announced on 4 May 2005* (RM'000)	Actual Proceeds Raised (Refer to Note A6(a)) (RM'000)	Amount Utilised as at 22 November 2006 (RM'000)
Payment to sub-contractors in respect of the Central Kedah project (the contract involves the design and construction of water supply works to the northern region of the Central Kedah Water Supply Scheme)	27,520	-	13,675
Payments to suppliers of chemical products to the Group for operating and maintenance of various water treatment plants	2,500	-	1,586
Contractual payment of technical and royalty fees under existing operations and maintenance contract	12,500	-	4,566
Estimated expenses for the corporate exercise	800	-	241
TOTAL	43,320	22,950	20,068

* On the assumption that 35,220,000 ordinary shares of RM0.50 each were placed at a price of RM1.23 per share

B9 – Group Borrowings and Debt Securities

Group borrowings as the end of the reporting period are all secured and interest bearing. Included in the borrowings is an offshore borrowing denominated in a foreign currency as follows:-

	US Dollars '000
No later than one year	875
Later than one year but not later than two years	875
Later than two years but not later than five years	875
	2,625



B10- Off Balance Sheet Financial Instruments

As at 22 November 2006 (being a date not earlier than 7 days from the date of this report), there were no contracts on financial instruments with off balance sheet risk.

B11- Material Litigations

As at 22 November 2006 (being a date not earlier than 7 days from the date of this report), there was no pending material litigations against the Company or its subsidiary companies.

B12- Dividends

No dividend is recommended for the current financial quarter in accordance with the Company's stated dividend policy.

B13- Earnings Per Share ("EPS")

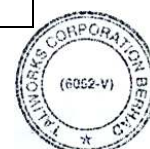
(a) Basic earnings per share

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.

(b) Diluted earnings per share

The diluted earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the adjusted weighted average number of shares in issue and issuable from the exercise of outstanding ESOS options and Warrants of the Company.

	Current Quarter Ended 30 Sept 2006 (unaudited)	Current Quarter Ended 30 Sept 2005 (unaudited)	Cumulative Quarter Ended 30 Sept 2006 (unaudited)	Cumulative Quarter Ended 30 Sept 2005 (unaudited)
(a) Basic Earnings per share				
Net Profit attributable to equity holders of the Company (RM'000)	8,318	9,287	32,684	29,665
Weighted average number of shares in issue ('000)	371,255	352,200	362,352	352,200
Basic EPS (sen)	2.24	2.64	9.02	8.42
(b) Diluted Earnings per share				
Net Profit attributable to equity holders of the Company (RM'000)	8,318	9,287	32,684	29,665
Weighted average number of shares in issue ('000)	371,255	352,200	362,352	352,200
Effects of dilution from exercise of:-				
- Warrants ('000)	18,425	8,794	15,554	8,794
- ESOS options ('000)	332	n/a	274	n/a
	390,012	360,994	378,180	360,994
Diluted EPS (sen)	2.13	2.57	8.64	8.22



This Interim Financial Report for the financial period ended 30 September 2006 has been seen and approved by the Board for public release.

By Order of the Board
Nuruluyun Binti Abdul Jabar
Company Secretary (MIA 9113)
27 November 2006

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>

